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# Congressional Record

PROCEEDINGS AND DEBATES OF THE 103<sup>d</sup> CONGRESS, FIRST SESSION

## SENATE—Friday, May 28, 1993

(Legislative day of Monday, April 19, 1993)

The Senate met at 8:45 a.m., on the expiration of the recess, and was called to order by the Honorable DIANNE FEINSTEIN, a Senator from the State of California.

### PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray:

Father in Heaven, the Apostle Paul begins his instructions to the family with these words: "Submitting yourselves one to another in the fear of God." (Ephesians 5:21) Far too often we fail in this because of other demands to which we give precedence. Time-consuming work responsibility possesses us, and our families are neglected. Recess periods also can be filled with work, and the family is deprived of togetherness.

God of love, who "set the solitary in families," help us to give priority to spouse and children during the recess. Grant that it shall be a time of reconciliation and healing. Help the Senators to find time, take time, make time, for their loved ones and for themselves in quiet, peaceful, solitary moments.

We pray in His name who invited us to "Come unto me, all ye that labour and are heavy laden, and I will give you rest." (Matthew 11:28) Amen.

### APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore [Mr. BYRD].

The assistant legislative clerk read the following letter:

U.S. SENATE,  
PRESIDENT PRO TEMPORE,  
Washington, DC, May 28, 1993.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable DIANNE FEINSTEIN, a

Senator from the State of California, to perform the duties of the chair.

ROBERT C. BYRD,  
President pro tempore.

Mrs. FEINSTEIN thereupon assumed the Chair as Acting President pro tempore.

### RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order the leadership time is reserved.

### MORNING BUSINESS

The ACTING PRESIDENT pro tempore. There will now be a period for morning business not to extend beyond the hour of 10 a.m., with Senators permitted to speak therein for not to exceed 5 minutes each.

Under the previous order, the Senator from Iowa [Mr. GRASSLEY] is recognized to speak for up to 10 minutes; the Senator from Washington [Mrs. MURRAY] is recognized to speak for up to 10 minutes; the Senator from Texas [Mr. GRAMM] is recognized to speak for up to 10 minutes; the Senator from Mississippi [Mr. LOTT] is recognized to speak for up to 45 minutes; and the Senator from Connecticut [Mr. LIEBERMAN] is recognized to speak for up to 5 minutes.

The Senator from Iowa is recognized.

### FINANCIAL MISMANAGEMENT IN THE AIR FORCE

Mr. GRASSLEY. Madam President, I am here to address the issue of financial mismanagement in Air Force programs. I have spoken several times in recent months about this breakdown of discipline and fiscal integrity in financial management at the Department of Defense and, of course, I am particularly concerned, again today, as I have stated before, about financial management in the Air Force.

Billions of dollars of taxpayers' money, what was appropriated for Air Force money, is unaccounted for. The

Comptroller General Bowsher recently warned Secretary Aspin that Air Force monetary resources are vulnerable to "fraud, waste, and mismanagement." And I also want to put in here that I think that they are vulnerable to theft. The ongoing embezzlement case of a low-level accountant, James Lugas, at Reese AFB, TX, bears out my point. I will be on the floor later this summer to speak more about that matter.

Madam President, on April 30, I talked about a specific case study of Air Force financial mismanagement—the case of the advance cruise missile, or ACM.

Since I made that speech, the Air Force has agreed to conduct an investigation into allegations of financial misconduct in the program.

However, Madam President, in the wake of the Air Force reinvestigation of the inspector general's investigation of the C-17 program, quite frankly, I have no confidence in the outcome. I am not confident in the Air Force's ability to investigate itself. I am not confident that the investigation will be impartial and thorough; that it will be brought to a prompt and decisive conclusion; and that those responsible will be held accountable.

I am not confident because the Air Force continues to stonewall on the issue. The Air Force is using delaying tactics and refusing to answer my questions.

During a recent meeting that I had with Acting Air Force Secretary Donley, he promised to provide me with the information I need to make a decision on the promotion of the former ACM program manager, Col. Claude Bolton. While that meeting was in progress, the Air Force left a letter in my office that told me to "take a hike" and that I would receive no more information on the subject.

Madam President, I ask unanimous consent to print several pieces of correspondence in the RECORD.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

● This "bullet" symbol identifies statements or insertions which are not spoken by a member of the Senate on the floor.

DEPARTMENT OF THE AIR FORCE,

Washington, DC, May 25, 1993.

Hon. CHARLES E. GRASSLEY,  
U.S. Senate,  
Washington, DC.

DEAR SENATOR GRASSLEY: This responds to your 25 May 1993 letter. The investigation to which you referred was initiated by the Assistant Secretary of the Air Force for Financial Management and Comptroller, through the Defense Finance and Accounting Service, Denver, Colorado, on 23 April 1993. The investigating officer is Mr. William Malkisch, who is currently the Director of Resource Management for the Space and Missile System Center at Los Angeles, California. He began work of the investigation on 17 May 1993.

The investigation process is being conducted in two phases. Phase one, to be completed within the next month, will determine if an Antideficiency Act violation occurred on the Advanced Cruise Missile program. If it is determined that such a violation occurred, the second phase of the investigation will determine the individuals responsible for the violation and the appropriate disciplinary action. This will be followed by the preparation and coordination of a report of violation. If a violation is determined to have occurred, we anticipate completion by about 15 September 1993. Of course, if no violation is determined to have occurred the process would be completed earlier.

Sincerely,

PAUL E. STEIN,  
Major General, USAF,  
Director, Legislative Liaison.

U.S. SENATE,

Washington, DC, May 25, 1993.

Maj. Gen. PAUL E. STEIN,  
Director, Office of Legislative Liaison, Department of the Air Force, Pentagon, Washington, DC.

DEAR GENERAL STEIN: I am writing in response to your letter of May 24, 1993, and about my unanswered letters to Mr. Smith and Colonel Bolton dated April 29, 1993, and to Mr. Beach dated May 14, 1993, and a series of unanswered questions submitted on May 12, 1993.

As I stated in my letter to Mr. Beach, I expect a signed, written response to each piece of correspondence. Anything short of that is unacceptable.

In your letter, you state: "the Acting Secretary of the Air Force [Donley] has directed a full review of alleged violations of the Antideficiency Act in the Advanced Cruise Missile program in accordance with the law."

Clearly, I do not want to jeopardize the ongoing investigation or prejudice the results of that process.

At the same time, I would like to feel confident that the investigation is conducted in an impartial and thorough manner, that it is brought to a decisive and prompt conclusion, and that those responsible are held accountable.

Toward that end, I would like the answers to two questions before the close of business today: (1) Who is the investigating officer (name, rank, and position)?; and (2) When is the investigation expected to be completed?

Your cooperation would be appreciated.

Sincerely,

CHARLES E. GRASSLEY,  
U.S. Senator.

DEPARTMENT OF THE AIR FORCE,

Washington, DC, May 24, 1993.

Hon. CHARLES E. GRASSLEY,  
U.S. Senate,  
Washington, DC.

DEAR SENATOR GRASSLEY: This correspondence further responds to your letter of 29 April to Colonel Claude M. Bolton Jr. and Mr. E. Ray Smith, and to your 14 May letter to Mr. John W. Beach. As Mr. Beach pointed out in his letter, the Acting Secretary of the Air Force has directed a full review of alleged violations of the Antideficiency Act in the Advanced Cruise Missile program in accordance with the law. As we're sure you will agree, we do not want to jeopardize this ongoing investigation or prejudice its results. In the interest of achieving a fair and complete investigation, we believe the Antideficiency Act review itself should be the sole fact gathering process.

At the conclusion of the official inquiry, we will ensure that your concerns are addressed and responses are provided to your questions. However, until the investigation is concluded we would respectfully seek agreement that Colonel Bolton and Mr. Smith refrain from answering questions on this subject outside of the investigative process. Allowing the investigation to proceed without outside influence is the best method of ascertaining the facts, while protecting the rights of the individuals involved.

Sincerely,

PAUL E. STEIN,  
Major General, USAF,  
Director, Legislative Liaison.

U.S. SENATE,

Washington, DC, May 14, 1993.

Mr. JOHN W. BEACH,  
Principal Deputy Assistant Secretary for Financial Management, Department of the Air Force, Pentagon, Washington, DC.

DEAR MR. BEACH: I am writing in response to your letter of May 13, 1993, regarding the current disposition of my letters of April 29, 1993, to Mr. E. Ray Smith and Colonel Claude M. Bolton Jr.

The two above-mentioned letters were directed to Mr. Smith and Colonel Bolton and not to your office. I expect a written, signed response from both officials. Anything short of that is unacceptable.

At the same time, I would like to urge you to proceed with a vigorous and thorough investigation of the Antideficiency Act violation by the Advanced Cruise Missile (ACM) program and fix responsibility as required by law.

Since directing my letter to Mr. Smith, I have come to the realization that his organization falls under the purview of your office. That being the case, I would like to inquire about your knowledge and awareness of a violation of the Antideficiency Act by the ACM program in November 1991 or at any other time.

I have two questions I would like you to answer:

At or about the time Mr. Smith signed the attached memoranda, were you aware of any discussion about the need to report a violation of the Antideficiency Act by the ACM program? If so, please provide the names of the persons involved in those discussions or the violation itself, and what direction, if any, was given as a result of those discussions?

A written, signed response to my questions is requested by May 21, 1993.

I would like to remind you that certain financial officers remain pecuniarily liable

under the law (31 U.S.C. 3528) for illegal or improper payments from accounts entrusted to their care.

I would also like to inform you that during my meeting with Mr. Donley yesterday, he indicated that Colonel Bolton is not solely responsible for the decisions taken to resolve the ACM funding deficiencies in 1991-92. Mr. Donley indicated that there were a number of more senior officials further up the chain of command who bear responsibility for those actions. I asked him to provide that and any other information that might help me reach a final decision in this matter. He agreed to do that.

Your cooperation would be appreciated.

Sincerely,

CHARLES E. GRASSLEY,  
U.S. Senator.

DEPARTMENT OF THE AIR FORCE,

Washington, DC, November 26, 1991.

Memorandum for SAF/FMBMC.

Subject: Request for Approval to Cite Expired Funds—Action Memorandum.

This office has received the attached request for funding and approval to cite \$71,500,000.00 of FY 87 3020 funds to cover cost overruns associated with the Advanced Cruise Missile program. Based on previous discussions with the 3020 Appropriation Manager, funding of this magnitude is not presently available. However, this requirement needs to be documented and included in the funding strategy discussions being pursued for this and other programs with similar funding problems.

The attached ASD/VCP memo describes the scope and nature of the request for adjustment as well as the information regarding the original contract funding. Please include this action with other unclassified requests for prior year 3020 funding.

E. RAY SMITH,  
Special Programs Office, Deputy for Budget Management and Execution.

DEPARTMENT OF THE AIR FORCE,

Washington, DC, November 26, 1991.

Memorandum for SAF/FMBMC.

Subject: Request for Approval to Cite Expired Funds—Action Memorandum.

This office has received the attached request for funding and approval to cite \$27,100,000.00 of FY 88 3020 funds to cover cost overruns associated with the Advanced Cruise Missile program. Based on previous discussions with the 3020 Appropriation Manager, funding of this magnitude is not presently available. However, this requirement needs to be documented and included in the funding strategy discussions being pursued for this and other programs with similar funding problems.

The attached ASD/VCP memo describes the scope and nature of the request for adjustment as well as the information regarding the original contract funding. Please include this action with other unclassified requests for prior year 3020 funding.

E. RAY SMITH,  
Special Programs Office, Deputy for Budget Management and Execution.

DEPARTMENT OF THE AIR FORCE,

Washington, DC, May 13, 1993.

Hon. CHARLES E. GRASSLEY,  
U.S. Senate, Senate Hart Building, Washington, DC.

DEAR SENATOR GRASSLEY: Your letters to Colonel Bolton and Mr. Smith, both dated April 29, 1993, have been referred to this office for response. In an effort to ensure that all the facts and relevant decisions on the



Advanced Cruise Missile (ACM) program are made known, the Acting Secretary of the Air Force has directed a full review of potential violations of the Anti-Deficiency Act in accordance with the law and implementing regulations. The results of this investigation and any recommendations will be provided to the appropriate officials in the Administration and Congress. The investigation results should provide the information you requested of Colonel Bolton and Mr. Smith.

Sincerely,

JOHN W. BEACH,  
Principal Deputy Assistant Secretary of the  
Air Force (Financial Management).

U.S. SENATE,  
Washington, DC, April 29, 1993.

Mr. E. RAY SMITH,

Special Programs Office, Directorate for Budget  
Management and Execution, Pentagon, De-  
partment of the Air Force, Washington, DC.

DEAR MR. SMITH: I am writing to inquire about your knowledge and awareness of a violation of the Antideficiency Act (31 USC 1341) by the Advanced Cruise Missile program.

I raise the question because of your signature on the attached memoranda, dated November 26, 1991. You state in those documents that there were insufficient funds in the FY 1987 and 1988 missile procurement appropriation accounts to cover "contract requirements" for the Advanced Cruise Missile program that were chargeable to those accounts.

I have two questions I would like you to answer:

At or about the time you signed the attached memoranda, were you aware of any discussion about the need to report a violation of the Antideficiency Act? If so, please provide the names of those involved in those discussions and what direction, if any, was given as a result of those discussions?

A written, signed response to these questions is requested by May 7, 1993.

Your cooperation would be appreciated.

Sincerely,

CHARLES E. GRASSLEY,  
U.S. Senator.

DEPARTMENT OF THE AIR FORCE,  
Washington, DC, November 26, 1991.

Memorandum for SAF/FMBMC.

Subject: Request for Approval to Cite Expired Funds—Action Memorandum.

This office has received the attached request for funding and approval to cite \$71,500,000.00 of FY 87 3020 funds to cover cost overruns associated with the Advanced Cruise Missile program. Based on previous discussions with the 3020 Appropriation Manager, funding of this magnitude is not presently available. However, this requirement needs to be documented and included in the funding strategy discussions being pursued for this and other programs with similar funding problems.

The attached ASD/VCP memo describes the scope and nature of the request for adjustment as well as the information regarding the original contract funding. Please include this action with other unclassified requests for prior year 3020 funding.

E. RAY SMITH,  
Special Programs Office, Deputy for Budget  
Management and Execution.

DEPARTMENT OF THE AIR FORCE,  
Washington, DC, November 26, 1991.

Memorandum for SAF/FMBMC.

Subject: Request for Approval to Cite Expired Funds—Action Memorandum.

This office has received the attached request for funding and approval to cite \$27,100,000.00 of FY 87 3020 funds to cover cost overruns associated with the Advanced Cruise Missile program. Based on previous discussions with the 3020 Appropriation Manager, funding of this magnitude is not presently available. However, this requirement needs to be documented and included in the funding strategy discussions being pursued for this and other programs with similar funding problems.

The attached ASD/VCP memo describes the scope and nature of the request for adjustment as well as the information regarding the original contract funding. Please include this action with other unclassified requests for prior year 3020 funding.

E. RAY SMITH,  
Special Programs Office, Deputy for Budget  
Management and Execution.

U.S. SENATE,  
Washington, DC, April 29, 1993.

Col. CLAUDE M. BOLTON, Jr.,  
Commandant, Defense Systems Management  
College, Fort Belvoir, VA.

DEAR COLONEL BOLTON: I am writing to inquire about your knowledge and awareness of a violation of the Antideficiency Act (31 USC 1341) by the Advanced Cruise Missile program.

I have 7 questions I would like to ask you about a violation of the Antideficiency Act by the Advanced Cruise Missile program during your tenure as program manager. The questions follow:

When did you recognize that the cost to complete the FY 1987 and 1988 ACM contracts exceeded the amounts available in the FY 1987 and 1988 missile procurement appropriations accounts?

When did the dollar value of "contract work authorized" exceed "funding authorized" on either contract?

What steps did you take to obtain additional funding?

What actions did you take to report the violation of the Antideficiency Act "through official channels to the head of the DOD component involved" as required by DOD Directive 7200.1 and statutory law (31 USC 1351)? (Provide a list of persons you contacted)

Why did you allow work to continue on the FY 1987 and 1988 contracts once you realized there was insufficient money available to pay outstanding bills?

Were you aware of the potential for incurring additional costs to the government through cancellation and repurchase of the ACM contracts and to whom did you report that concern?

On March 25, 1992, Secretary Rice approved the ACM repurchase plan to cover the cost overrun on the old contracts with FY 1992 appropriations. At any point, did you recommend that the ACM cost overrun be handled in more appropriate ways?

A written, signed response to these questions is requested by May 7, 1993.

Your cooperation would be appreciated.

Sincerely,

CHARLES E. GRASSLEY,  
U.S. Senator.

Mr. GRASSLEY, Madam President, the Air Force really provides a flimsy excuse for not answering the mail.

Madam President, I would like to talk briefly about a letter from Maj. Gen. Paul E. Stein, Director of the Air Force Office of Legislative Affairs dated May 25, 1993.

General Stein states that the first phase of the investigation of the Antideficiency Act violation "will determine if an Antideficiency Act violation occurred on the Advanced Cruise Missile Program."

Well, General Stein, the first phase of the investigation is already over. To repeat, what you want to do, General Stein, will be duplicative and wasteful. I refer General Stein to page 24 of the inspector general's [IG] audit report No. 93-053 entitled "Missile Procurement Appropriations, Air Force," dated February 12, 1993. Based on a thorough review of all pertinent facts, the inspector general reached this conclusion: "The Antideficiency Act was violated when the Air Force recognized that the cost to complete the ACM had exceeded amounts available for obligations, but permitted work to continue. \*\*\* The Antideficiency Act has been violated."

General Stein, the inspector general's findings are crystal clear. They are conclusive. The time has come to fix responsibility.

I am afraid the Air Force will decide no violation occurred. If that happens, General Stein, I ask to be informed immediately.

Senior Air Force officials, including Mr. Donley, have known about the violation for a long time but did absolutely nothing about it.

Senior officials in Mr. Donley's office were briefed by the Inspector General's Office on the violation on June 9, 1992. That was almost 1 year ago. Under Department of Defense [DOD] Directive 7200.1, which governs procedures for reporting violations of the Antideficiency Act, the Air Force should have submitted an interim report to the DOD Comptroller by December 9, 1992—if not sooner. An interim report is required if it is not possible to complete the investigation and submit a final report within 6 months of discovering, simply discovering, the violation. The Air Force has not filed an interim report as required.

Madam President, I ask unanimous consent to print a blank copy of the interim report form in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

#### INTERIM REPORT FORMAT FOR SUSPECTED VIOLATIONS UNDER INVESTIGATION

Interim reports of suspected or apparent violations of subsections 1341(a), 1517(a), or section 1342 of 31 U.S.C. (reference (b)) shall set forth the following data:

A. Name, address, and telephone number of investigating officer and of the officer responsible for authorizing the investigation.

B. The type of suspected violation, subsections 1341(a), 1517(a), or section 1342.

C. The location at which the suspected violation occurred.

D. The amount of the suspected violation (dollars and cents).

E. The date of occurrence and date of discovery.

F. A brief narrative description of the nature of the suspected violation, including a

clear, concise explanation of causes and circumstances, insofar as they can be determined.

Follow-on quarterly progress reports describe in detail investigative actions taken since the previous interim report to the ASD(C), and explain the nature of any issues to be resolved before a final report can be submitted.

Mr. GRASSLEY. General Stein, when is the Air Force planning to file an interim report in compliance with the DOD Directive 7200.1?

The Air Force's failure to file an interim report is an accurate reflection of the service's attitude toward this violation. In the Air Force view, the violation never happened. If it never happened, then it is hard to discover. This attitude is unacceptable and President Clinton, as Commander in Chief, must not tolerate it.

I am talking about a failure to report a known violation of the Antideficiency Act. The Comptroller General has rendered an important legal opinion on this issue. In a document dated August 11, 1992 and identified by the numbers B-245856.7, the Comptroller General stated:

The failure to disclose known violations of the Antideficiency Act is a felony and can be the subject of disciplinary actions.

I also believe the Air Force may have attempted to conceal the violation by failing to record overobligations in the books and laundering the bills through crooked procurement schemes.

Those who knowingly and willfully violate these laws can be fined and sent to jail. They can be suspended from duty without pay or removed from office.

General Stein, I ask that the investigation examine the question of whether anyone in the chain of command—from Colonel Bolton up through Mr. Beach, Mr. Donley, and Mr. Rice—knew that the ACM Program was in violation of the Antideficiency Act and either failed to report it or attempted to conceal it.

General Stein, you indicate that Mr. William Maikisch has been designated as the investigating officer on the ACM case. Did you know, General Stein, that as the Director of Resource Management for the Space and Missile System Center, Mr. Maikisch may have been involved in managing money for the Titan IV Program. The Titan IV Program is also under investigation. It is the subject of another devastating report by the inspector general, audit report No. 92-064, dated March 31, 1992. This report is about blatant financial mismanagement and misconduct.

General Stein, is Mr. Maikisch in any way implicated in the Antideficiency Act violation by the Titan IV Program or the violation of section 1301 of title 31 of the U.S. code described in audit report 92-064?

I cannot ride herd on the Air Force by myself. I need help.

I would like the Air Force to answer my questions.

I would like the DOD IG to follow through on its audit and make sure the Air Force conducts the investigation and fixes responsibility where it belongs—all the way up to the Secretary of the Air Force if necessary.

The General Accounting Office needs to come forward with information it has on the cancellation of fiscal years 1990 and 1991 ACM contracts as a way to generate cash to cover the cost overrun on earlier contracts. The GAO needs to share the information it has that shows how hundreds of millions of dollars worth of unfinished ACM missiles have been discarded as scrap and left as waste.

It is time to send a message to the DOD acquisition and financial managers. Those who violate the laws of our land will be held accountable.

A few tough lessons in accountability will bring this misconduct to a screeching halt.

I yield the floor.

Mr. ROTH addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Delaware.

Mr. ROTH. Madam President, I yield myself such time as I will take from that allotted to the distinguished Senator from Mississippi.

The ACTING PRESIDENT pro tempore. The Senator is recognized.

Mr. ROTH. I thank the Chair.

(The remarks of Mr. ROTH, Mr. LOTT, Mr. DOLE, and Mr. BURNS pertaining to the introduction of S. 1058 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The ACTING PRESIDENT pro tempore. The Senator from Texas.

#### THE PRESIDENT'S TAX BILL

Mr. GRAMM. Madam President, I knew the Democrats were going to win the tax vote in the House. I knew that with their huge margin in House membership that they were going to pass the President's tax bill in the House.

I do not understand why then this morning I felt down about it given that they passed their bill 219 to 213, which means almost 40 Democrats voted against the President's tax plan.

I guess part of it is recognition that yesterday in the House we had the triumph of partisan policies over reason and over the public interest. I think part of the reason why I am concerned is because I realize that the U.S. Senate stands today as the only sentry at the gate. We are the last thing that stands between America and a massive tax increase that will put hundreds of thousands and ultimately millions of our fellow citizens out of work, that will raise taxes on Social Security recipients, working families, small business, and that will devastate the economy. That is the bad news.

The good news is that we have a lot of good gatekeepers in the Senate, and

I for one am absolutely committed to seeing that Bill Clinton's tax-and-spend policy does not become the law of the land.

One of the things that concerns me greatly about the debate in the House is the continued gulf between the rhetoric of the debate and the reality of the programs that are being proposed.

I have here a chart that really summarizes what I believe is an incredible chain of events leading up to yesterday's vote. And I think one of the reasons that the American people feel alienated, feel betrayed, is because of this huge difference between what is being said in Washington and what is being done in Washington.

Everybody will remember that during the Clinton campaign President Clinton was going to cut spending \$3 for every dollar of new taxes. That was the whole basis of President Clinton's campaign. And then when Leon Panetta was before the Senate to be confirmed as OMB Director he said their goal was \$2 in spending cuts for every dollar of taxes, and then when President Clinton came before the Congress and gave that great State of the Union Address, an address that I could have given, because it had virtually nothing to do with the President's program, it was \$1 of spending cuts for every dollar of taxes. Then when we adopted the President's budget in the Congress, when the Congressional Budget Office, the official scorer, jury and judge designated by the President, totaled up taxes and spending, it concluded that there were \$3.23 of taxes of every dollar for spending cuts. And now into the bill that the House has voted on and made changes in permanent law to implement that tax program we are up to \$5 in taxes for every dollar of spending cuts.

That is a far cry from the original promise. That is a far cry from the continued advertising, but it is the cold and hard reality of what we are looking at.

Another thing that disturbs me about the House vote is the continued effort to mislead the American people. Nothing could have been clearer than the final compromise whereby the President designates how much he thinks all these entitlement programs ought to grow by and then if they grow by more than that the President says to Congress we ought to pay for it by raising taxes, or says we ought to pay for it by decreasing spending, or says we ought to pay for it by borrowing money, and then Congress votes on it. But if they vote it down, whatever the President proposes, the deficit goes up and we borrow the money to pay for it.

I do not think we need to give Bill Clinton another excuse to propose another tax. In fact, we have additional taxes being proposed or floated each and every week.

Finally, I want to go back and look at these deficits, because if I get asked



one question over and over again the question I am asked is, Are we cutting spending first? I am sure that the Presiding Officer has had people come up to her in the airport and say, are you cutting spending first?

Let me go back and look at the President's budget. What I have done on the chart here is plot out in red the tax increases and in blue the spending cuts. What you see that under the President's budget beginning on October 1, when that budget would go into effect, what happens is that through 1995 spending actually rises and before the first dollar of net spending cuts goes into effect taxes have gone up by \$90 billion; 80 percent of all the savings that are contained in the President's budget are savings that are promised in 1997 and 1998.

So the answer to the question, are you cutting spending first, is "No." In fact, taxes are going up by \$90 billion over the next 3 years before a net penny of savings occurs and 80 percent of the savings in the package are promised in 2 years where Bill Clinton may not be President. In fact, if this economic plan passes he almost certainly will not be President.

Finally, we continually have a problem which the President warned us of and in the State of the Union Address, urged us to avoid, and here I want to make it totally clear I agree with the President's rhetoric; I do not agree with the reality of what he is doing. In the State of the Union Address the President said: Let us do not argue about the numbers, let us let the Congressional Budget Office do the scoring. Let us make them the judge and the jury. Then we can debate policy and we will not be wasting our time disputing numbers.

This is what the Congressional Budget Office, the judge and the jury, says about the Clinton economic plan. On page 6 of chapter 1 in CBO's March analysis of the President's budget we have the following quote: "Three-quarters of the \$355 billion in cumulative deficit reduction contained in the administration's program would stem from increases in revenues and only one-quarter from cuts in outlays."

Now, Madam President, that is the Congressional Budget Office. This is the entity that the President designated to be the judge and the jury. And yet why does the President continue to say day after day after day that his budget reduces spending a dollar for every dollar of tax increases when, in fact, the judge and the jury that the President picked says three-quarters of his deficit reduction comes from new taxes and only one-quarter comes from reductions in spending?

Also on page 6 of its analysis the Congressional Budget Office says: "The spending increases would exceed the cuts through 1995."

So, basically, Madam President, we are down to a decision and that is, do

we believe that we can promote prosperity in America by increasing taxes, by not cutting any spending for the next 3 years, and then promising to do in 1997 and 1998, in the sweet by-and-by, all these good things.

I want to say here today that we are going to defeat the Btu tax in the U.S. Senate. Right here on the floor of the U.S. Senate we are going to defeat the effort to raise taxes on Social Security.

And I am hopeful, when we beat the Btu tax, when we beat the Social Security tax, that we can force the President to do what all Americans want him to do, and that is come back to Congress, sit down with Democrats and Republicans, and cut spending first.

I yield the floor.

Mr. STEVENS addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Alaska.

Mr. STEVENS. I thank the Chair.

(The remarks of Mr. STEVENS pertaining to the introduction of S. 1059 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

#### THE BTU TAX

Mr. STEVENS. Madam President, I listened with interest in recent days to my good friend, the Vice President of the United States, Vice President GORE, who indicated that one of the reasons for the Btu tax was to back off the dependency of Americans on foreign oil.

I come from Alaska, which produces 25 percent of all the oil that is produced in the United States. We do not use foreign oil in Alaska. We produce 25 percent of all that is domestically produced. Yet when we have studied the Btu tax, we find it to be the cruelest tax that has been devised for people that live in cold country.

Alaskans will carry the heaviest burden from the Btu tax, notwithstanding the fact that we have the capability of increasing the supply of domestically produced oil, if only those who oppose drilling on the Arctic plain would realize that the way to back off foreign oil is to be more reliant on our own resources.

I have done some studies of the impact of the Btu tax on Alaska and I would like to share them with the Senate.

Estimates of the cost of the Btu tax to the average household in Alaska range from \$844 to \$1,521 annually. For the rest of the Nation, the average Btu tax burden for households will be an estimated \$266 to \$471. In other words, Alaskans are at least three times more burdened by this tax than any other State.

In Alaska, the per capita cost of the Btu tax has been calculated by our people at \$280 per person—man, woman, and child—per year. That, as I said, is more than the average for households

in the south 48. Nationally, the Btu tax will run somewhere around \$97 per person.

The difficulty with the Btu tax for me is that the people who will be hardest hit in our State by the Btu tax are those who can least afford it. Our Alaskan Native people who live in rural areas, some 210 to 230 villages, use diesel to generate electricity. Diesel fuel is not home heating fuel. Home heating fuel is exempt in the bill that was passed by the House, as I understand it. There is no similar exemption for diesel fuel used to heat homes and generate electricity in Alaska.

I am told that there is an exemption in the House bill for No. 2 diesel and for home heating fuel. We use No. 1 diesel. We do not know all of the final details of what came out of the House bill yesterday. I know that there are exemptions over there and deals were made. But, they do not represent relief for those who are the hardest hit in the Nation—the Native people who live in rural Alaska.

Not only will they pay the full Btu tax but, because of the extremely low temperatures that they suffer in the winter time—60 below zero—they pay more than any other American to heat their homes to begin with.

The devastating effect of this Btu tax on Alaskan Native people is really apparent when we realize that the average annual income for a family of four in western Alaska is about \$10,000. They use approximately 1,000 gallons of diesel fuel for heating and approximately 850 gallons for cooking. They currently pay an average of \$3,599 a year just for diesel fuel. In other words, they already spend 35 percent of their income for fuel. If the administration's Btu tax is imposed, some Native Alaskans could be forced to spend 44 to 51 percent of their annual income on fuel. This does not take into account the increase in transportation costs, goods and fuel due to the Btu tax.

I believe that the people who live in the colder parts of the country are going to be burdened the most by the Btu tax.

We hear all kinds of objections from people that live in other areas of the country, but just consider, Madam President: My State has half the coastline in the United States.

I am sorry I did not bring the map. If you put a map of the United States in front of the Senate and impose my State on it, Alaska runs from Baltimore to San Francisco Harbor and from Duluth almost to New Orleans.

This is a State as broad and as wide as the whole United States. Distances are severe in my State. And, there is not one single exemption for Alaska in this Btu tax proposal.

Everything that we deal with in Alaska is increased due to the cost of transportation. The Btu tax will unfairly discriminate against Alaskans, particularly in the oil industry.

Just consider this: Once we pump 1.8 million barrels a day from Prudhoe Bay, it has to be transported 800 miles by pipeline to the sea, and from there it will be transported another 1,000 to 2,500 miles to get to refineries, again by sea. When it is refined, the No. 1 diesel comes back to Alaska, to Alaska's villages.

We pay the Btu tax for pumping the oil, transporting the oil across our State, transporting it down to the refineries, and transporting it all the way back up to Alaska.

This long distance to the refineries is one of the transportation expenses the State of Alaska must pay to produce our domestic oil. The Btu tax is going to reduce the States revenue base. Our State devised what we call the dividend program, where we take 25 percent of the revenues that the State gets from oil and gas and we annually spread out the interest income amongst all of the people who reside in our State.

So out of the \$10,000 annual income I mentioned for a family of four in western Alaska, \$4,000 of the income comes directly from the dividend program. These people just do not have the money to pay a Btu tax on oil.

Just think, Madam President, if we were to go into the North Slope and develop ANWR, the bulk of the people who would be employed there are the people who live in rural Alaska.

During the time of the construction of the Alaska pipeline and the drilling out of Prudhoe Bay, there was substantial job opportunities for those people. Today, they have 85 percent unemployment in their villages, but they are asked to pay more in taxes because some people in the south 48 say a Btu tax will reduce our dependency on foreign oil.

Every item that they get in those rural villages—food, clothing, manufactured goods, even their snow machines—comes from the south 48, as we call them.

I see no reason for us to give up some of the existing jobs we already have. Almost 1,400 jobs in our State will be lost because of the cost of the Btu tax. Our people are not going to be able to run the small businesses and pay these increased costs—they cannot afford it. They are barely breaking even now.

The reconciliation bill that has just passed the House has, as I understand it, a provision to exclude diesel fuel used on farms from the Btu tax. No similar provision exists for the fishing industry. Our fishermen are the farmers of the sea. More than half of the fish consumed in the United States comes from the waters off my State.

Yet, both in terms of the cost of getting their supplies, the cost of getting their fuel, and the cost of operating all of their vessels—every single cost is increased by the Btu tax. Yet, farmers are exempted. Why? They have a substantial number of votes in the House.

And that bill passed by just six votes. If you look at it, three votes the other way and it would have tied; it would not have passed.

What about the Alaska Natives; what about the Alaskan people? Why should they be forced to accept these exemptions, which will only increase the tax burden placed on them, so that the bill could get a vote here or a vote there, in the farm country of the south 48?

Again, Madam President, I say to you I think the Btu tax is the most oppressive tax I have ever heard discussed in the U.S. Senate. I am going to join the Senator from Texas to defeat it. It needs to be defeated.

We realize we have ample opportunity in this country to develop our own production. We could restore the production of the south 48. We have lost over 4 million barrels a day production from stripper wells in the south 48 because of the changes in the tax laws, and we have certainly lost a great opportunity to develop the largest remaining basin on the North American Continent in terms of drilling on the Arctic plain.

I am hopeful the Senate will join the Senator from Texas and me and many others and defeat the Btu tax.

The ACTING PRESIDENT pro tempore. The Senator from Maine.

#### CAMPAIGN PROMISES

Mr. COHEN. Madam President, there is a familiar song, "What a Difference a Day Makes." Some might extend that to "What a Difference a Year Makes." I might entitle it, "What a Difference a Campaign Makes."

We are often held to reconcile what is promised during the course of a campaign with what actually is performed following that campaign. We are reminded, from time to time, of the difference between politics and political promises and the responsibilities of governance.

I have not decided as to whether I am going to offer an amendment during the course of this morning's legislative schedule or not. But it seems to me I should at least take a few moments to discuss the entire issue of most-favored-nation status that is being extended today to China.

For the past several years, legislation has been introduced in this body to predicate any granting of most-favored-nation status to China upon certain conditions: A legislative requirement that they adhere to certain human rights standards, certain trade standards, and also certain standards dealing with arms proliferation.

I can recall being on this floor in this Chamber on several occasions—the number escapes me at the moment—one, in fact, in which a colleague of the Presiding Officer, from California, was standing at the rear of the Chamber urging us to support legislation that

would predicate any extension of most-favored-nation status to China upon adhering to those three categories, or standards within those three categories.

It was a tough vote. It was a tough vote for Republicans to support President Bush, who said we should not try to legislatively shove these particular standards down the throats of the Chinese, at least not in this fashion. And that while we support many of the goals expressed in the legislation, the better course of action would be to deal with the Chinese leadership on a private and less public basis to gain concessions from them in areas in which we felt they were acting adversely to the interests of the United States, indeed to the world community, particularly in the field of human rights.

I think the President campaigned on that issue. President Clinton campaigned on a very strong anti-most-favored-nation status being granted to China unless those conditions were adhered to.

So I was somewhat surprised to learn that last evening, the President announced he would be granting most-favored-nation status to China, subject to certain conditions being imposed, that would be adhered to hopefully in the coming year. This is by way of executive action and not legislation.

It seems to me this is much weaker than that position being espoused—I should say articulated—by leading Democrats in both Houses, that they would mandate legislatively that China would have to adhere to all these conditions in all three categories. I point out Tibet, it was argued—and Congress had voted—was a separate, independent nation that China was illegally occupying. I do not gather from the statements that appear in today's Washington Post that Tibet is actually part of China.

I mention this today because, while I supported President Bush in his determination to force the Chinese leadership to come around to recognize human rights concerns, and other trade issues and arms proliferation issues, it was very difficult. It was a tough vote. And I am somewhat surprised to find the leading advocates for this position now suddenly have reversed course and it is now an executive decision with complete discretion being granted to President Clinton in determining whether, in his judgment, China will live up to the human rights standards being imposed.

I actually support the President's position to grant most-favored-nation status to China, but I must point out it is rather inconsistent. It is rather inconsistent for those who were most passionate in denouncing the Chinese Government, most passionate in insisting most-favored-nation status be conditioned legislatively upon those areas that I mentioned before, to suddenly be



silent—or expressing agreement this should be done by executive decision, with complete discretion being given to President Clinton.

President Clinton has learned how to deal with China, apparently; that is, rather than trying to beat them publicly over the head with various conditions, to negotiate quietly or diplomatically to achieve these ends. To that end, I support these efforts. Once again, it is the difference between a campaign and an actual responsibility, a requirement, to govern.

I have not decided at this moment whether I will introduce legislation that will impose a legislative solution as opposed to an executive one to deal with China, but I just wanted to take a moment to point out the rather clear and patent inconsistency on the part of those who advocated most passionately it must be a legislative solution.

I yield the floor.

The ACTING PRESIDENT pro tempore. The minority leader.

#### MFN STATUS FOR CHINA

Mr. DOLE. Madam President, following along with what the distinguished Senator from Maine has articulated, I, too, support the President's decision to extend most-favored-nation status to China for another year. In announcing the renewal, President Clinton has used many of the arguments President Bush used in previous years, arguments that President Clinton criticized during his election campaign. I assumed there would be a tirade here against President Clinton's extension, as there was against President Bush's efforts—or should be. Every year we went through this process. Every year we barely prevailed. I do regret the President decided to put thousands of American jobs at risk for the first time by putting conditions on the renewal of MFN status in 1994.

We have had this debate every year. We have had farmers and manufacturers told to hold their breaths to see whether or not we are going to cutoff business with China. Now they have one more year of uncertainty. I would strongly suggest to the President and to other Senators from both parties that this annual debate was not in the best interests of democracy in China, or economic health here at home.

It seems to me, since we have 1.1 billion people, we had better be inside the tent if we hope to have any influence on human rights policies in the People's Republic of China. We had better be players, instead of standing on the outside looking in. The administration's approach is particularly puzzling since they have been talking about multilateralism, working with our allies in Bosnia, working with them on Iran, and not going it alone.

We are certainly going it alone when it comes to MFN status for China. I do

not see our friends in Europe and Japan announcing conditions on their trade policies with China. I do not see any multilateral approach here. What I see is this administration telling American farmers and American workers and American consumers that they have been drafted into a one-country effort to promote democratic progress in China.

This also is hard to reconcile with statements made by administrative officials in briefings the past 2 weeks that China has indeed taken a number of important steps in human rights, in trade, and in mutual national security interests, which the United States has asked it to do. I hope that is the case.

China is going to be a huge force in Asia; it is now, and is going to continue to be. We need good relationships with China, and I ask the Chinese leadership to work with our administration to extend bilateral cooperation and reduce the differences between us. And toward those goals, I promise to strongly support President Clinton and the administration.

Mr. COHEN. Will the Senator yield?

Mr. DOLE. I will be happy to yield?

Mr. COHEN. I point out that had we opposed those conditions legislatively that converged upon the Congress in the past several years, then China would be in violation of those, because, according to the news reports, China is breaking the missile pledge; China, in fact, has been selling technology to Pakistan in violation of its pledge. If we had opposed those legislatively, China would be in violation and MFN would be revoked.

I notice by this declaration, that has been separated out. We are not even going to tie that to granting most-favored-nation, no consideration of proliferation of arms, no consideration of the trade issue; only the human rights violations, and those are, as the Senator pointed out, subject solely, not to Presidential certification, but solely to Presidential discretion. I think it is a wide departure from where we were a year ago.

Mr. DOLE. Mr. President, I thank the Senator from Maine.

The hour of 10 o'clock having arrived, I would like to use some of my leader time, if I might.

The PRESIDING OFFICER (Mr. MATHEWS). The Senator has that right.

#### BIG, BIG, BIG TAX PACKAGE

Mr. DOLE. Mr. President, by a very narrow margin last night, the House did it to the American people. They passed this massive tax bill, and I even see some of the networks have it all mixed up. They are calling it \$250 billion in spending cuts and \$250 billion in tax increases. That is not true at all. There is not \$500 billion in deficit reduction. You get all the taxes between now and in this first year. There are \$47

billion in discretionary spending cuts, but not \$1 before 1996. There are \$45.8 billion in mandatory spending cuts, but only \$6.2 billion before 1996. So all the talk on the morning shows and the President talking about all those spending cuts, it is \$6.2 billion before 1996, but the taxes started last January. The taxes are big, \$275 billion to some \$280 billion.

Based on the House reconciliation package, it is hard to believe—I know a lot of people are not going to believe it. I hope Peter Jennings is watching because he had it all wrong on ABC the other night. We are going to cut the mammoth total of \$6.2 billion between now and 1996.

It is up to the American people, it is up to the Senate, it is up to the people of Texas on June 5 to send a message to this Senate and all across America that we do not want more taxes unless we get some spending cuts. I must say, I was shocked; I knew it was awful, but I defy anybody to say that they cut more than \$6.2 billion between now and the year 1996. Oh, they said, if they do not do more, they are going to consider doing something, and that brought in all these people who call themselves conservatives on the Democratic side.

I want to commend the 38 House Democrats who did stand up against this big, big, big tax package. I cannot believe there were not more. I think this shoots a hole in this freshman class where they had 62 new Members and they were going to change the world and change the Congress. Fifty-one out of the 62 voted for this big, big, big tax package. It is disheartening. I know the American people, when they get the details, will be shocked to find out the tax increases started in January and they only get \$6.2 billion in spending cuts before 1996.

So let me just say what happened. They voted for about \$6.35 in tax and fee increases for every dollar in spending cuts in the next 5 years. If that is what the Democrats are going to try to sell on this side of the Capitol, I think it is going to be very difficult. More than \$33 billion of so-called cuts in this bill would not be considered cuts anywhere but in Washington, DC, where the Government budget process allows Congress to extend current law and we count these cuts. Only about 5 percent of the deficit reduction in this bill, 18.5 percent, comes from real cuts in current programs. I guess they backed off the honeybee program, the one program President Clinton said he was going to cut.

So, Mr. President, it is not a day to celebrate. I know a lot of people were applauding last night. The taxpayers were not applauding. I did not see any taxpayers on the House side applauding, but all the Democrats who just love taxes were applauding. They were saying: "We did it again; we stuck it to them; the American people are going to pay and pay and pay and pay."

So I am looking for the State of Texas to lead us out of this very, very bad legislation. If the Republican candidate, Kay Bailey Hutchison, can win that seat a week from tomorrow, it will send a message heard around the United States and in every seat in this Chamber, and I think it may bring back some stability and some sense of direction.

I say to the President, Republicans are willing to give you bipartisan support if you will cut spending—cut spending—and many of my colleagues are willing to accept some revenues, but nobody can vote for a bill like this. And it is not \$500 billion in deficit reduction as the President was saying this morning. It is only \$336.8, and \$275 or more of that is taxes; plus fees, another \$15 billion. And the only spending cuts—as I said most of them do not even happen until after 1996, which happens to be the next Presidential election.

So I regret that the House passed this bill. I want to commend Speaker FOLEY and majority leader GEPHARDT and the President for getting it done. When you have a package this bad and you have to pass it, that is a real accomplishment. Hopefully, on the Senate side we will all wake up here and we will all go home, we will talk to real people, the voters. This is not a question of saving the Presidency, it is a question of saving the country and saving the economy. Hopefully, when we all come back, having listened to the voters, Democrats, Republicans, Independents, we will say no to this package and we will start over and we will have spending cuts and maybe some revenues.

Mr. President, I reserve the remainder of my leader time.

Mrs. MURRAY addressed the Chair. The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, I ask unanimous consent to speak for 10 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### AVIATION REVITALIZATION ACT OF 1993

Mrs. MURRAY. Mr. President, I would like to thank Senator WENDELL FORD, chairman of the Senate Aviation Subcommittee for introducing the Aviation Revitalization Act, which is so important to the State of Washington and which I am proud to join as an original cosponsor. The jobs of American aerospace workers are critical to the people and the economy of the State of Washington; the health of the Boeing Co., as our Nation's largest exporter, is of great concern to us all. The Ford bill provides a major part of the solution to the problems facing the American aerospace industry, manufacturers, and carriers. It has bipartisan support and deserves the support of all Senators.

I look at this legislation and at my work as a member of the National Commission to Ensure a Strong Competitive Airline Industry, through the prism of jobs for the people of Washington.

In fact, my primary reason for supporting this bill is to support the jobs of tens of thousands of Washingtonians who work for the Boeing Co. and the hundreds of companies that supply and service it. I cannot forget that roughly 340,000 American aerospace manufacturing jobs have disappeared in the last 5 years; further layoffs have been predicted.

In January, Boeing announced plans to cut production of commercial aircraft by one-third, a decision which may affect as many as 20,000 of the 80,000 Washington State workers employed in commercial aircraft manufacturing.

In the airline service sector, it is too late to save Pan Am, Eastern Airlines, and some of the other airline pioneers. The roster of pilots, mechanics, flight attendants, and other airline employees who lost their livelihood with the demise of these airline giants is a tragic American tale. But there is still time to write a new chapter for our domestic airline industry. Fortunately, this is one of President Clinton's and Senator FORD's top priorities.

As usual, the problem is money. During the last few years, domestic airlines have lost a staggering \$6.8 billion. U.S. airlines will require nearly \$50 billion in new aircraft to meet both projected growth in air traffic and Government-mandated deadlines for converting to quieter, more fuel-efficient aircraft. Because of the heavy debt burden acquired by most of the domestic airline industry there is serious doubt about raising the needed capital through traditional methods.

The Ford bill provides a solution; it creates a mechanism to provide our domestic airlines with the capital they desperately need for financing a new generation of aircraft. By assisting our airlines and retiring the noisy stage II aircraft which are due to be phased out at the end of this decade by the Airport Noise and Capacity Act of 1990, the bill will also phase out less-fuel-efficient and aging aircraft. This is good for the airlines and for our Washington State workers and the manufacturing sector.

Over the long term, the best way to revitalize the domestic commercial aircraft manufacturing industry is to restore the health of the American airline industry. Airlines are a vital component of our Nation's transportation sector. The Ford bill creates a loan program which would help the airlines replace their fleets more quickly and in turn put Americans, and specifically Washingtonians, back to work.

Senator FORD began work on this bipartisan and productive plan in January. It has gone through several drafts

and revisions, and received the input of airlines, manufacturers and labor. My work with Senator FORD focused on jobs for American workers. Specifically, we worked together on a provision to guarantee that at least 75 percent of any new aircraft or new aircraft components financed through this program be manufactured or produced in the United States.

Without such a provision, I fear that the airlines would use U.S. taxpayer dollars to buy Airbus, aircraft produced by a consortium of government-subsidized European manufacturers. That may have helped airlines but it certainly would not have helped Boeing workers, or suppliers here in the United States.

U.S. Trade Representative Micky Kantor told me this week that his office will work with us to assure that our buy America provision is consistent with international trade agreements.

No other industry in the long run is as critical to the economic health and military security of the United States as American Aerospace. We have seen what has happened in other sectors of the economy such as autos and electronics when we let down our guard.

We make the finest and most advanced aircraft in the world. Despite their economic problems, U.S. airline companies provide the most comprehensive and least expensive air service in the world.

My goal in supporting the Ford bill is to keep these industries healthy and viable. I cannot stand by and watch hundreds of thousands of valuable jobs in these critical industries drift abroad.

The Ford bill marks the beginning of a new and dynamic aviation policy for our country. On behalf of the workers of Washington and their families, I wish to publicly thank Senator FORD his vision and concern about this vital American industry.

Thank you, Mr. President.

#### JIM GILLILAND, GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE

Mr. MATHEWS. Mr. President, I am pleased today to applaud the confirmation of the appointment of Jim Gilliland to the post of general counsel to the U.S. Department of Agriculture.

When I first learned of this nomination to this position, I was pleased, but certainly not surprised. Jim Gilliland is an outstanding selection. He is one of those people who always masters his task and moves on to excel again. He has achieved excellence in all his pursuits, from being valedictorian in high school, Phi Beta Kappa in college, to law review at Vanderbilt Law College. He was selected by his law school peers as most outstanding member of his class, then later by his fellow lawyers



as most outstanding lawyer at the Memphis bar.

Following a prominent tour of duty in the U.S. Navy, Jim then built a distinguished career at the firm of Glankler, Brown, Gilliland, Chase, Robinson & Raines in Memphis. For 14 years, he has also served as trustee of Lemoyne-Owen College and chairman of the board of that college from 1984 to 1988. In community service, he has chaired many groups and events including the Memphis committee on community relations, the Liberty Bowl, Navy League and the Memphis Arts Council. He is currently active in Planned Parenthood, and Leadership Memphis.

I have known Jim Gilliland for many years. He is a gifted lawyer, always there for what is right when you need him. He is the kind of man many of us rely on for advice and good sound judgment. These characteristics will serve him well as he undertakes his new tasks at the USDA. But far more importantly, such traits will bring integrity and high standards of quality to the Department.

Mr. President, I thank you for the opportunity to speak today, and I commend my colleagues for their action in confirming Jim Gilliland as general counsel to the USDA.

#### 75TH ANNIVERSARY OF ARMENIAN INDEPENDENCE DAY

Mr. RIEGLE. Mr. President, May 28 marks the 75th anniversary of the Armenian proclamation of independence. Today, Armenian people throughout the world will remember their difficult history and renew their hopes for an Armenia free from the threat of foreign aggression. The Armenian people have withstood the genocidal Ottoman Turks, the oppressive Soviets, a devastating earthquake, and now a conflict with Azerbaijan. Their ongoing struggle for independence and human rights demands the United States' respect and sympathy on this historic day.

Armenia's rich culture dates back more than 25 centuries. Originally an autonomous state, Armenia was conquered early in the 16th century by the Ottoman Turks. Despite 600 years of oppressive Turkish rule, the Armenian people would not relinquish their unwavering spirit of independence. For six centuries, Armenians continued to strive for self-determination and the reclamation of their homeland.

Tragically, in the waning days of the 19th century, the Turkish rule turned brutal. Hundreds of thousands of Armenian men, women, and children were slaughtered in the Turkish effort to silence the Armenian voices of independence. The beginning of the 20th century, however, brought no end to the tragic plight of the Armenian people. In fact, while the rest of the world was

distracted by World War I, the Turks began their most cruel offensive against the Armenians. Beginning in 1915, and continuing a full 8 years until 1923, the Turkish leaders perpetrated one of the worst genocidal acts of the 20th century. During those years, approximately 1.5 million Armenians were killed, tortured, or starved to death in massive death marches to Syria and Iraq.

Although the Turks had succeeded in devastating the Armenian community within the Ottoman Empire, their horrific acts of brutality could not completely exterminate the Armenian people. When an army of refugees and volunteers from abroad defeated an attacking Turkish force, the surviving Armenian citizens, who had managed to preserve their common culture and language, finally seized the freedom they had coveted for so long. On May 28, 1918, 75 years ago, Armenia declared its independence. It is that event that I rise to recognize and celebrate today.

Unfortunately, the independence of this free, democratic state was short lived. Only 2 years later, Armenia was attacked and defeated by Turkish and Russian forces and forced into subjugation for another 70 years. Following the fall of the Soviet Union in 1991, however, Armenia fulfilled its historic wishes for self-determination when an overwhelming percentage of the population voted to once again claim their independence as the Republic of Armenia.

Although Armenian independence has given Armenians the world over much to celebrate, both the ravages of man and nature continue to pose difficult obstacles for the Armenian people. In 1988, a devastating earthquake rocked this small republic, destroying nearly half of its industrial capacity and leaving hundreds of thousands of Armenian citizens dead or homeless. Further, the continuing struggle for land and ethnic autonomy with neighboring Azerbaijan has also left its mark in Armenia. An ongoing Azerbaijan economic blockade, coupled with a demolished gas line in Georgia, left thousands more citizens without heat and basic supplies, making this past winter even more grueling.

Although spring has finally come to Armenia, peace has not. In recent months, the conflict between Armenia and Azerbaijan pressed on and the fighting along the two borders has become increasingly bloody. These most recent events are indicative not only of Armenia's rocky history, but stand as a testament to the independent spirit of its people as well. Today, and in the future, the Armenian people will continue to persevere in the face of oppression and other challenges, and they will have my support.

#### FACES OF THE HEALTH CARE CRISIS: THE IMPACT OF HIGH HEALTH CARE COSTS ON SMALL BUSINESSES

Mr. RIEGLE. Mr. President, as part of my continuing effort to focus on the critical need for health reform, I would like to highlight today how the high cost of health care coverage can burden the economic viability of small businesses.

Patty and George Stinnett, from Grand Blanc, MI, have owned and operated Colonial Collision, Inc., an auto body repair shop, since 1977. Patty and George employ four skilled workers. In addition to providing coverage for their own family, the Stinnetts pay the health insurance premiums for three of their four workers. The other employee receives health care benefits through his spouse's insurance.

The Stinnetts originally bought health insurance through a private insurer for themselves and three employees. After George had back surgery in May 1990, their premiums quadrupled and they were forced to find another insurance company.

Patty shopped around for other health insurance plans and found that many would not cover care for her husband's thyroid and back problems, nor for an employee's asthma condition because of preexisting clauses. They eventually found an affordable plan without a preexisting clause for the family and the business, by joining a pool with other small businesses.

The cost of health insurance is still a burden for them. The Stinnett business currently pays over \$1,000 per month in health insurance premiums for two family and two single policies. The business pays for the entire cost of the monthly premium. The health plan requires a 20-percent copayment and a \$100 deductible for individuals and a \$200 deductible for families.

Despite having insurance, the family has incurred considerable out-of-pocket expense. In addition to the premium payments, in 1991, they paid over \$5,000 for copayments, deductibles, and payments for services not covered. Last year, their out-of-pocket expenses in addition to premium payments were well over \$1,000.

The coverage provided under the insurance plan they purchased is for hospitalization, medical services, and prescriptions. The Stinnetts have chosen to pay for the prescription benefit even though it increases their premium costs by about 17 percent. This benefit is critical for them since George requires medication, as does the employee with asthma.

The Stinnetts used to purchase a supplemental dental and vision benefit for themselves and their employees. In early 1992, they dropped this coverage because the premiums doubled in a year and a half, increasing from about \$30 to \$72.30 a month for a family policy.

The Stinnett business must absorb the cost of health care coverage entirely. Due to the nature of the collision business, which depends almost exclusively on insurance company payments, the body shop cannot raise prices to offset increases in insurance premiums. Most other auto body shops do not provide health insurance coverage to their employees because they cannot afford the cost.

Even though the cost of health care cuts into the profit of the business, Patty and George Stinnett recognize the importance of having health insurance coverage and are dedicated to extending that coverage to their employees. However, the escalating cost of health insurance is making it more and more difficult to provide this benefit for themselves and their employees.

Without health care reform, our businesses in America, both large and small, will continue to struggle to stay competitive. The strength of our economy depends on containing the costs of health care in America.

My purpose in coming before you today is to remind my colleagues about the real cost of the health care crisis and to keep the Congress focused on the need to reform our health care system. I hope that together we can work with the administration to control the skyrocketing costs of health care.

#### IRRESPONSIBLE CONGRESS? HERE IS TODAY'S BOXSCORE

Mr. HELMS. Mr. President, the Federal debt stood at \$4,293,295,034,918.79 as of the close of business on Wednesday, May 26. Averaged out, every man, woman, and child in America owes a part of this massive debt, and that per capita share is \$16,452.12.

#### RHODE ISLAND STUDENT KNOWS HIS GEOGRAPHY

Mr. PELL. Mr. President, I would like to congratulate Michael Ring, an eighth grade student at Mount St. Charles Academy in Woonsocket, RI, who took second place honors yesterday in the geography championship of the United States.

Michael's father, John Ring, Jr., of Milford, MA, reportedly is a lifetime National Geographic addict. It's pretty clear that his son inherited the same interest.

The 13-year-old lost first place by only one point, when he did not know where Tagalog is spoken. Second place, however, carried with it a \$15,000 college scholarship.

Michael's finish in the National Geographic Society's Fifth Annual National Geography Bee, also secured him a berth at the first International Geography Olympiad in London this summer.

I was particularly impressed to learn that this young man, who already dis-

played considerable knowledge and poise under pressure, also displayed considerable wisdom.

"It's always a little disappointing when you get this far," he told a reporter. "But I still have the \$15,000. I'm going to London. I can work with the two other best geographers in the country. And perhaps we can bring back a gold medal."

I know that Michael's teachers, friends and fellow students at Mount St. Charles Academy are proud of him. I also am sure that Rhode Islanders, particularly in Woonsocket, will be rooting for him to win the gold this summer.

For my part, as one who has enthusiastically supported an increased focus on geography, I am absolutely delighted that a Rhode Island student has won such high honors.

Mr. President, I ask unanimous consent that an article from today's Providence, RI, Journal be inserted in the RECORD as if read.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### MOUNT ST. CHARLES STUDENT TAKES 2D IN NATIONAL CONTEST

(By John E. Mulligan)

WASHINGTON.—For lack of some luck in the vicinity of the South China Sea, a Massachusetts boy took second-place honors for Rhode Island yesterday in the geography championship of the United States.

Michael Ring, an eighth-grader at Woonsocket's Mount St. Charles Academy, navigated close to first place, but lost his bearings on this stumper:

Tagalog is one of the three main native languages of which island country in Asia?"

The query loosed a flash of geographic calculus through Ring's circuits for the 12 seconds he had to ponder an answer in the National Geography Bee finals:

Okay. I know two of the three languages of the Philippines. But not Tagalog. So: Island nation. Is it the Philippines? Is it Indonesia? Is it Sri Lanka? Is it something even smaller or even more obscure?

A lot was riding on this reckoning by the freckled youth from Milford. (His daily geography includes the commute through both states in the Blackstone Valley.) Besides the national crown, there was the \$25,000 college scholarship, Ring's 12-for-12 streak in the final round, and world of tension cooked up over an hour of grilling and TV studio banter by host Alex Trebek.

It was Ring's toughest question of the contest. He frowned and scrawled and at Trebek's command flashed his pale blue answer card: "Indonesia."

Alas for the glory of Rhode Island and the Mount, "Philippines" flashed correctly on the rival card of Noel Erinjeri of Michigan.

But Ring came to rest in second place, his college nest egg was \$15,000 richer and he had won a berth at the first International Geography Olympiad in London this summer.

Ring, 13, had known he would have to base the answer to his island nations question on guesswork.

But it would be the educated guesswork of a boy obsessed. Ever since taking third in last year's Rhode Island championships of the National Geographic Society's contest, Ring "has been driven" to win this year's

trip to the national finals, said his mother, Vera Ring.

The geography bug may have passed genetically to Ring. His father, John Ring Jr., is a lifetime National Geographic addict.

But always—and we're talking always since he first learned to read, Vera said—it has been Michael and his atlases, road maps, almanacs, cartography books. Since he won the state title last month, the study pressure "has been awful," she said. "Just awful." He was at it 4 or 5 hours a night, right up to Monday, poring over the 1993 World Almanac here in his room at the Vista Hotel.

Good thing, too. Ring revisited the Grand Coulee Dam in that championship session of cramming.

And of course Trebek demanded in Round Eleven yesterday: "Part of the name of the largest dam on the Columbia River is derived from the term for a flat-bottomed channel carved into volcano rock by glacial meltwater. What is this term?"

"Coulee?" ventured Ring, cool as you please for his eleventh consecutive swish.

And as for that lack of a lucky guess among Asia's island nations . . .

Ah, well, and all the same, what a classy line of post-game chatter the kid put on, suitable for framing in the loser's locker room at any World Series.

"It's always a little disappointing when you get this far," he said. "But I still have the \$15,000. I'm going to London. I can work with the two other best geographers in the country. And perhaps we can bring back a gold medal."

#### WITH OUR HELP, THE KURDS CAN HELP THEMSELVES

Mr. PELL. Mr. President, in northern Iraq, where the Kurdish people have been freed for more than 2 years from the yoke of Saddam Hussein's oppressive rule, the Kurds have made remarkable advances in their quest to lead a normal life. It appears, however, that their success has not gone unnoticed in Baghdad, and reports indicate that the Kurds may once again face the prospect of an Iraqi invasion.

In April 1991, the world community was galvanized into action by the tremendous suffering of the Kurds who fled Iraq in the wake of a failed uprising against Saddam's Ba'athist regime. Motivated in part by our collective guilt for leaving the Kurds exposed for so long to Saddam's genocidal designs, the anti-Iraq coalition finally made a commitment to protect the Kurds. With the onset of Operation Provide Comfort, the allied effort to patrol the no-fly zone over northern Iraq, the Kurds found the necessary degree of protection to begin their drive toward self-sufficiency.

The Kurds' effort, which was chronicled recently in a Wall Street Journal piece by Geraldine Brooks, is both compelling and instructive. One theme of the article, which I shall submit for the RECORD upon the conclusion of my remarks, is that the Kurdish example might prove useful in the policy debate on Bosnia. Now that the United States and its allies are looking toward a strategy involving the use of safe ha-



vens in Bosnia, they could draw upon the experience of the safe haven effort in northern Iraq. I urge my colleagues to read the piece with some care.

At the same time, I do not wish to give the impression that the Kurdish issue is solved. As this week's news reports have shown, the Kurds are still at considerable risk of retribution from the Iraqi army. Iraqi troops are deployed in a threatening pattern, and harassment of Kurds and foreigners alike has increased. The Kurds have grown nervous and many international humanitarian organizations have pulled out of northern Iraq altogether. This is particularly troubling, given the fact that the Kurds are struggling under the weight of two embargos: The U.N. blockade of all of Iraq, and an additional Iraqi blockade on the Kurdish-held areas.

If an attack comes, it is likely to target the city of Sulaimaniya and its environs, which, although controlled and governed by the Kurds, is south of the 36th parallel, which marks the southern-most limit of the no-fly zone. Sulaimaniya has a population of 800,000; any attack would likely spark an exodus of refugees reminiscent of the Kurdish flights of 1987 and 1991.

An Iraqi attack, and the subsequent refugee flight, would be catastrophic. With the situation in Bosnia already diverting so much of our attention from the domestic agenda, the United States does not need another international crisis. We must act swiftly to prevent this from occurring.

First, the United States and its allies in Operation Provide Comfort must continue to affirm that they will not tolerate an attack on any Kurdish-held area, including the territory below the 36th parallel. This week the United States took a significant step in this regard, when Secretary of State William Christopher said the United States would enforce the U.N. resolutions "with great resoluteness."

I applaud the Secretary, as well as other State Department officials who underscored his warning and indicated that the United States would respond to attacks on Kurdish territory even south of the 36th parallel. If the buildup to the Persian Gulf war demonstrated one thing, it is that Saddam Hussein is capable of making the wrong decision when faced with the least bit of uncertainty. Our allies must be encouraged to follow Secretary Christopher's lead, so that Saddam Hussein understands the scope of allied resolve and avoids making yet another colossal misjudgment.

Second, the United States must press the international community to reiterate its commitment to protect and assist the Kurds. U.N. Security Council Resolution 688, adopted April 5, 1991, codified international support for the protection of Iraq's minorities. The Security Council should be convened to

demonstrate a continued sense of purpose, perhaps through the adoption of an updated resolution that explicitly provides for the protection of Kurdish-held areas south of the no-fly zone. The Security Council should also consider a partial lifting of the U.N. blockade for the Kurdish-held areas in northern Iraq, provided there is a verifiable commitment from the Kurdish leaders not to trade with Baghdad.

Third, the world must endorse the Kurdish drive to reach self-sufficiency. The Kurds are more than willing to wean themselves off of international aid and protection, but they need a little help before they are able to do so. The Kurdish-held areas, for instance, are endowed with significant oil reserves. With the provision of a refinery capability, international donors can help the Kurds begin to pay their own way. In addition, the Kurds have made tremendous strides in developing a unified army and police force. With the provisions of some additional financial assistance, the Kurds can begin to take on responsibility for their own self-defense.

None of these steps would require substantial new commitments from the United States or its allies; in fact, quite the contrary. These steps are designed to help the Kurds stand on their own two feet, where they will be prepared to assume a prominent place in a federated, post-Saddam Iraq. By implementing these cost-effective steps now, we can avoid having to deal with the consequences of another Iraqi attack and refugee crisis later.

I ask unanimous consent that the Wall Street Journal article, "Out of Harm's Way," be included in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, May 19, 1993]  
OUT OF HARM'S WAY: FOR KURDS, AT LEAST, "SAFE AREA" DESIGNATION PROVIDES PROTECTION

(By Geraldine Brooks)

SULAIMANIYA, IRAQ.—Safe areas can work. That's the view from this Kurdish town.

The idea of turning parts of Bosnia-Herzegovina into sanctuaries for besieged Muslims is one that the United Nations is pushing and the U.S. is weighing—particularly now that other options, such as air strikes on the Bosnian Serbs or arming of Muslims, seem unlikely possibilities.

The U.N. has already named six towns in Bosnia as safe areas. Bosnian Serbs, who have consistently thumbed their noses at U.N. relief efforts, won't be deterred from attacking the areas unless opposed by military power of the sort the West hasn't yet been able to agree to deploy.

But the situation also looked desperate for the Kurds of northern Iraq, who found themselves under siege from Saddam Hussein at the end of the Gulf War. Then, many of President Bush's advisers counseled against intervening in Iraq's turbulent internal politics. But horrific TV images of suffering Kurds and the determination of the British

prime minister, John Major, finally forced Mr. Bush's hand.

#### OPERATION PROVIDE COMFORT

The results are striking. A visit to the Kurdish areas, even late last winter, when Kurds battled fuel shortages and freezing temperatures, shows just how much humanitarian bang has been achieved for a minimal military buck.

A little more than two years ago, Sulaimaniya was almost a ghost town. Most of its Kurdish residents, following a failed uprising at the end of the Gulf War, had fled to the nearby mountains, risking starvation and exposure rather than retribution from the Iraqi army. But in April 1991, backed by a Security Council resolution ordering Iraq not to hamper humanitarian efforts, the U.S., Britain and France launched Operation Provide Comfort. They sent troops to protect Kurds as they returned to their homes.

Sulaimaniya was well south of the allies' proclaimed safe area. But emboldened by the show of outside support, Kurdish militias regrouped in the designated haven, then muscled the Iraqi army out of a much wider area beyond. Now, the city bustles. The university and schools are open, and elections have brought orderly government.

#### FORCED RESETTLEMENT

Bosnia's six scattered safe areas are likely to prove much more difficult to secure than the single safe area of Kurdish Iraq, which is bigger than Massachusetts and New Jersey combined. Although the region was traditionally almost exclusively Kurdish, Saddam Hussein had tried to Arabize it in his own version of "ethnic cleansing"—resettling Arab Iraqis in regions depopulated of Kurds either killed or forcibly moved. Most of the resettled Arabs fled during or after the Kurdish uprising. The region now is home to an estimated 3.5 million Kurds.

Allied planes continue to enforce an air exclusion zone over most of this territory, and several times this year have responded to Iraqi threats by bombing missile sites. But only a handful of allied troops and U.N. guards remain on the ground. While Saddam Hussein's forces continue to harass Kurds through terrorism and occasional shellings, Kurdish police and militias largely manage their own defenses.

Now, all across northern Iraq it is a time of firsts for the Kurds as they hurry to undo the policies of Saddam Hussein. At the editorial office of the one-year-old newspaper New Kurdistan, the editor, Azad Jundiani brags that somebody is actually suing him for libel—"just like in a Western democracy."

At the Teacher Training Institute for Girls, a geography lesson on tectonics—a subject that might bore most 17-year-olds—finds 44 youngsters scribbling furiously as the teacher describes how the saw-toothed crags that rim the city crunched into being eons ago. "It's because it's about mountains, something they know," says the teacher, Nasaneen Rasheed. "Up till now all they ever learned was deserts, camels and songs about Saddam. For the first time they are learning the geography of Kurdistan."

Across town at the ministry of reconstruction, the deputy minister has traded his guerrilla outfit of sash-belted baggy trousers for a navy blazer, paisley tie and matching pocket-handkerchief. "The other clothes were from the time when we were outlaws; now I'm part of the government," says Hussein Sinjari, appointed after the Kurds held elections a year ago. His ministry needs to rebuild 3,500 villages bulldozed or dynamited

by Saddam Hussein in the 1980s. Many villagers, forced into squalid collective towns, have taken matters into their own hands, ripping the doors and windows from the collectives' shacks and hauling them back into the mountains to rebuild.

Roadworks are an opportunity for young entrepreneurs. After school, youngsters with shovels take to the highways, filling potholes on a free-lance basis. Grateful drivers fling them coins.

The Kurds are setting up something that looks, every day, more like an independent, democratic state, complete with "Welcome to Kurdistan" signs at its main border crossing with Turkey.

At first, the Kurds' Turkish neighbors were as unenthusiastic about their role in supporting Kurdish havens as some of the Bosnian Muslims' European neighbors are now. But the Kurds reciprocated by cooperating in a crackdown on Kurdish separatists waging a terror campaign in eastern Turkey.

The Kurds police their unofficial borders with their new-look military. Bands of Pesh Merga guerrillas, once rivals are learning to work together in a regular army. At the newly established military academy, both the uniforms and the order of battle are Iraqi. Only the insignia of Iraq's ruling Baath Party have been stripped off. Kurds say their army must match Iraq's, as must their courts, ministries and police.

One day, they say, their aim is to reunite with the nation as an autonomous Kurdish state inside a democratic, federal Iraq, in much the same way that many Bosnians still dream of a multi-ethnic state. While many Kurds wish for an independent Kurdistan, they know that neighbors such as Turkey, Iran and Syria, with their own restive Kurdish minorities, wouldn't be likely to tolerate it.

#### LEARNING TOLERANCE

On Kurdish streets, police with Iraq-style red berets have replaced the patrols of Kalashnikov-toting youths who had roamed the cities. As the replacement began a few months ago, one Saddam-sympathizer mistook the smartened-up Kurds for genuine Iraqi policemen. She rushed up to a street-corner patrol and greeted them effusively. "I'm so glad you're back," she exclaimed. "Those Kurds were a disaster."

Some Kurdish officials like to tell this story against themselves; they say they are trying to encourage the tolerance of peaceful dissent so thoroughly quashed under Saddam Hussein's regime. "At first," says Jalal Talabani, leader of one of the Kurds' two main political parties, "people think that democracy means being able to say that Saddam is bad. It takes longer for them to understand that it also means being allowed to say Jalal is bad."

Not all the Saddam pictures have disappeared. Nejad Aziz, deputy speaker of the new parliament, tells of paying a Christmas call on the head of a Christian congregation in the city of Irbil. "I went with the prime minister and the governor or Irbil, and there he was, receiving us in a room with a picture of him shaking hands with Saddam on the wall behind him. We were really pleased. He'd known we were coming, and he wasn't afraid; he didn't bother to hide" the picture.

Mr. Aziz also welcomed a strike by Irbil's bus drivers, even though they took to the streets chanting "Down with the parliament!" Some in the Kurdish government, he says, jumped to the conclusion that the strike had been organized by Baghdad and wanted the drivers punished. "I told them that you can't say that without an investiga-

tion—it's their right to strike and to protest."

#### HARD TIME

Instead, a committee met with the drivers and heard their gripes. They wanted a cut in fuel costs and objected to banks' taking a fee for changing coins into bank notes. "We reached a compromise," Mr. Aziz says: While the price of fuel couldn't be cut, the drivers were allowed to raise fares, and the banks were ordered to redeem coins at face value.

There have been lapses, some serious. A Kurdish parliamentary human-rights committee found "some abuses" in Kurd-run prisons, Mr. Aziz concedes. "Some of our investigators have been affected by the old methods" of brutality and torture they themselves often experienced in Baathist jails, he says. In part, he blames the dual embargo that the Kurds must endure. As part of Iraq, the Kurdish region is subject to U.N. economic sanctions aimed at Saddam Hussein.

Yet as Saddam Hussein's sworn enemies, the Kurds also are choked by a blockade he imposes on the movement of goods to them from Baghdad. The nascent police force might be less likely to resort to rough interrogation, Mr. Aziz argues, if it could get fingerprint kits or other modern investigation technology to help it solve crimes such as a January car-bombing in Irbil that killed more than 20 people.

Sometimes, Saddam Hussein's war of nerves against the Kurds is more overt than such anonymous acts of terrorism. From the streets of Chamchamal, a sprawling town just yards from the Iraqi army's front lines, Kurds can watch the soldiers moving to and from their artillery positions. From time to time, the soldiers lob a random shell on the town. Elsewhere, farmers whose fields run close to Iraqi positions are afraid to complete spring sowing since snipers began targeting anyone on a tractor.

#### BREAD AND YOGURT

And then there is the Baghdad blockade, which keeps Kurds from getting the fuel that other Iraqis can buy for pennies. Nasaneen Rasheed, the geography teacher, belongs to what used to be one of Sulaimaniya's wealthy families. During the Kurds' uprising of March 1991, she and her family played host to Western journalists at a celebratory feast of traditional Kurdish delicacies such as pomegranate chicken and an elaborate concoction known as "pilaf behind a curtain."

These days, Ms. Rasheed and her sister rarely cook at all because they can't afford to pay the half-month salary it costs to buy a smuggled bottle of gas. Like most Kurds, they subsist on yogurt and bread, supplemented occasionally with a hot dish of rice or beans. The Rasheeds spent their life savings in the miserable flight to Iran that followed Saddam Hussein's crushing of the Kurdish uprising. They came back as soon as the allies' declaration of a no-fly zone gave the Pesh Merga a chance to rout the Iraqi forces from their city.

Coming home one evening during one of the city's intermittent blackouts, Ms. Rasheed stubs her toe on the step and curses: "God kill Saddam—if Clinton doesn't kill him." Like many Kurds, she is uncertain about Mr. Clinton's intentions toward Iraq. After being supported and then dumped by Jimmy Carter in 1975, and again by Mr. Bush during the 1991 uprising, Kurds have become extremely wary of their international backers, even as they continue to rely on them.

#### WAR WINDOWS

Again like many Kurds, Ms. Rasheed deals with the uncertainties by ignoring them. She

labors over her new lesson plans as if the fresh curriculum were not at risk of being swept away any day Saddam Hussein attempts to retake the north.

And each afternoon, when she finishes teaching, she works as a volunteer at Zhinan Women's Union of Kurdistan, setting up small businesses to employ the widows of men killed in Saddam Hussein's Operation Anfal, in which Kurds estimate 182,000 people disappeared. By scrounging used sewing machines and bits of metal tubing to make looms, she has managed to start a small tailor shop in Halabja, the site of Saddam Hussein's deadly 1988 poison-gas attack, and a large rug-weaving workshop in Shorash, one of the most dismal of Saddam's collective towns.

On Thursday nights, the beginning of the Iraqi weekend, she sometimes takes an evening off to visit friends. Nibbling pickled radish and sipping sweet tea, she and her friends forget politics for an hour or two. The gossip is lighthearted: a brother's coming marriage, a friend's potential suitor. Then, a lean, large-eyed teacher named Sirwa mentions recent nightmares, and the party mood darkens. "It is always the same dream," she says softly. "Soldiers fanning through the streets, dragging us from our house." The women stare at their plates and say nothing.

"I will tell you one thing," Sirwa says finally. "If they do come again, I won't run. I'll fight them. But if they win," she adds, "I'll kill myself. I can never go back to the way it was before."

#### THE ROTH/DOLE STIMULUS PACKAGE

Mr. PRYOR. Mr. President, today several of our friends and colleagues from the other side of the aisle have introduced a so-called stimulus package, and it has been labeled "Jobs for America."

As outlined in a news release on May 12, 1993, this proposal consists of 8 tax cuts costing \$36.58 billion over 6 years intended to create jobs. That cost is offset by 14 budget cuts which reportedly save \$45.67 billion over 6 years.

Mr. President, let me first say that it has not been my practice in the past to come to the Senate floor to discuss the pros and cons of each and every bill introduced by our friends across the aisle nor is that my intention in the future. On most serious tax proposals I would normally wait until I had heard hearings in the Senate Finance Committee before I made a judgment on the proposal.

A short 2 months ago, I stood on this Senate floor and heard a resounding and unified call from that side of the aisle: "We don't need a stimulus package. \*\*\* The Bush recovery is in place. \*\*\* Wait for the Bush recovery. \*\*\*"

The bottom line is that Senators in this body filibustered and killed President Clinton's \$16.3 billion stimulus package that would have created over 200,000 real jobs quickly. Gridlock ruled again in this Chamber.

But barely 2 months after repeatedly saying there was "no need" for Presi-



dent Clinton's \$16.3 billion jobs package, they stand on the same Senate floor and now say we need a \$37.6 billion stimulus package to create jobs.

Are our colleagues now willing to publicly admit that President Clinton was right in the first place? That the recovery is weak? That President Clinton was right, and we do need a jobs stimulus package?

Why did we not hear about this fantastic silver bullet in March, when we were debating the merits of a jobs plan? This bill could have been offered as an amendment to the President's package.

Now, those Senators have introduced this plan, so that the same people who stopped the President's plan to create 250,000 new jobs can say "don't blame Republican gridlock for this mess, because we have a plan to create 800,000 jobs."

When I heard of this plan to create 800,000 jobs and reduce the deficit by \$9 billion, I looked into the details to see if it would create jobs and reduce our long-term deficit. I did not believe that it could be that simple, and my fears were confirmed upon close examination.

Unfortunately, this plan will not create jobs, nor will it reduce the budget deficit in a meaningful way. Once again, the lesson in this Chamber is that a painless, silver bullet solution rarely stands up to close scrutiny, and the American people have understood that lesson for a long time.

I asked the Congressional Research Service to examine this plan and I will ask unanimous consent that the memo written to me by the senior specialist in economic policy at CRS to be included at the end of my statement.

Let me quote directly from this memo regarding the short-run effects of this plan:

Since the revenue gains exceed the losses, the short run effects of the proposal would be expected to be contractionary—that is, jobs would be reduced rather than gained.

Later in the same paragraph.

\*\*\* The proposal would be expected to have little effect on jobs.

The reason behind this is simple. With one hand, the plan puts \$37.6 billion into the economy with tax cuts, and with the other hand, the plan takes out \$45.7 billion with spending cuts.

This plan will not create 800,000 jobs. In fact, it may reduce, not increase, short-term job growth, and put working Americans in the unemployment line.

This plan is voodoo economics all over again.

So, Mr. President, where did the claim of 800,000 jobs created come from? Well, the minority staff of the Joint Economic Committee prepared the estimate, according to the news release.

The Congressional Research Service asked the minority staff on the Joint

Economic Committee for their materials supporting the claim of 800,000 jobs created, but as is outlined in the memo I submitted for the RECORD they provided only one specific study about just one of the 8 job creating tax cuts.

I am sure that my Republican friends did not make up the claim of 800,000 jobs—I am sure that claim did not come out of thin air. However, the memo from the independent, non-partisan Congressional Research seems to cast large doubts on the validity of this claim.

Let me set the record straight on another part of this stimulus plan. The proponents of this measure claim that it will reduce the budget deficit by \$9 billion.

It is interesting that out of the \$45.7 billion in spending cuts proposed in this stimulus plan—\$36.6 billion of the same, identical spending cuts are in President Clinton's comprehensive budget and economic plan.

That is right, Mr. President, 80 percent of the spending cuts in this plan were first proposed by President Clinton in his budget plan. That is the same budget plan that each and every one of my 43 Republican colleagues voted against.

On March 25, 1993, every Member in this body had a chance to go on record supporting these spending cuts, and each and every Republican voted against them. Now, they come back with this plan and include the exact same spending cuts that they voted against in March.

More importantly, this stimulus plan as proposed is a budget buster. The plan is only paid for during the next 6 years—after that time the tax cuts cost the treasury tens of billions of dollars, and no offsetting spending cuts are proposed to pay for them.

Let me again quote from the Congressional Research document regarding just one of the proposals in the 8-part tax cut plan that would bust the deficit, that is indexing capital gains:

First, the prospective capital gains provisions begins at a very small revenue loss because it initially indexes only the small amount of inflation on newly purchased assets. The revenue loss grows rapidly, at 1998 levels of income, the long run steady state cost of capital gains indexing is estimated at about \$26 billion.

Simply put, in the future, this single provision will cost the Federal Treasury \$26 billion each and every year. That is \$26 billion added to our Nation's deficit and our debt each and every year after 1998 from just one of the 8 tax cuts.

Mr. President, that is the budget effect of only one portion of the plan. Let me make a more general budgetary point about the plan as a whole.

(The 8 tax cuts intended to create jobs are permanent—they will cost the Federal Treasury money from day one onward, each and every year adding to the budget deficit.)

Of the 14 spending cuts that pay for these permanent tax cuts, only 2 are in mandatory programs. Twelve of the cuts are in discretionary spending, but you can only cut discretionary spending once. These cuts will help pay for the tax cuts in the next 6 years, but they do not pay for the tax cuts in the out years. In 6 years, all you have left from this plan are the tax cuts adding to the deficit—with no corresponding cut in mandatory programs to offset the long-term costs.

This is a long way of saying that money will be pouring out of the Federal treasury, adding to the deficit, but this plan has no spending cuts in the future to pay for it.

Mr. President, this is not a serious plan.

This body had a chance to pass an important jobs bill 2 months ago, when it would have done some good for the employment situation this summer, but some of our friends chose to stand in the way of our newly elected President.

It is time for us to let this issue rest in peace, and let the American public decide if they want gridlock or action. The American people want progress, not partisan politics.

I ask that the memo to which I referred be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL RESEARCH SERVICE,

Washington, DC, May 26, 1993.

To: Honorable David Pryor.

From: Jane G. Gravelle, Senior Specialist in Economic Policy, Office of Senior Specialists.

Subject: Discussion of Proposed Tax and Budget Changes.

This memorandum is in response to your request for a discussion of the proposed tax and budget changes contained in the news release by Senator Bill Roth (dated May 12, 1993) and how they affect employment and growth.

This proposal contains several tax reductions which sum to a total loss of \$37.6 billion from FY93-FY98 according to estimates contained in the accompanying materials.<sup>1</sup> These provisions and their respective 6-year revenue costs are: (1) prospective indexing of capital gains (\$11.7 billion), (2) changes in the alternative minimum tax (\$2.5 billion), (3) an increase in the limit on the option to expense equipment investment from \$10,000 to \$25,000 (\$8.4 billion), (4) a reinstatement of fully deductible Individual retirement accounts (IRAs) including an option for backloaded accounts (\$3.1 billion), (5) penalty free withdrawals of IRAs for certain purposes (\$2.4 billion), (6) a temporary jobs tax credit for hiring new employees (\$3.4 billion), (7) a repeal of luxury taxes (\$2.6 billion), and (8) a modification of passive loss restrictions for certain individuals engaged directly in real estate activities (\$2.5 billion).

There are offsetting revenue receipts from spending cuts of \$45.7 billion over the 6 year period. These provisions include two changes in mandatory programs totaling \$11.3 billion:

<sup>1</sup>This analysis assumes that the revenue estimates are correct.

elimination of the lump sum retirement benefit election for Federal civilian employees (\$8.3 billion) and an administrative reform designed to reduce medicare costs (requiring essentially information reporting on whether the employee is in a group plan).

There are also a series of reductions in discretionary programs to be enforced through spending caps, which total \$34.3 billion. These include reductions in Federal aid for mass transit, elimination of highway demonstration projects, an administrative provision affecting government contractors, reductions in Federal employment, reductions in administrative expenses (not specified), restrictions on accumulation of leave for senior career employees of the Federal government, elimination of the Interstate Commerce Commission, sale of Federal helium reserves, reduction of Legal Services Corporations Funding, termination of the copyright royalty Commission, and reduction in certain foreign aid programs.

Some of these specific changes are quite small, the ones that are in excess of \$1 billion include the reductions in transportation (mass transit and highway) spending (\$10.5 billion), the cuts in Federal employment and unspecified cost administrative cost reductions (\$19.1 billion), and foreign aid (\$2 billion).

The release states that the program will increase employment by 800,000 jobs over five years, with 200,000 in the first two years. The release includes a page reporting the jobs created by the tax provisions prepared by the minority staff of the Joint Economic Committee. We have been unable to obtain full details from the Committee on the derivation of these estimates; in the final section we discuss the materials that they did provide us. These estimates are greatly in excess of what one might expect given a standard multiplier effect, however. No estimates are presented for the offsetting contractionary effects of the spending cuts.

This memorandum will discuss first the short run effects on aggregate demand and then the long run effects on economic growth. Note that there is normally a tension between these objectives, in that a policy that reduces the deficit tends to be contractionary in the short run although it increases growth in the long run.

#### SHORT RUN EFFECTS ON AGGREGATE DEMAND

Since the revenue gains exceed the losses, the short run effects of the proposal would be expected to be contractionary—that is, jobs would be reduced rather than gained. These effects could be characterized as negligible, however, since the net fiscal contraction is extremely small particularly in the first year or two when the concern about recovery from the recession is most serious. In FY 1994, the net gain is only \$445 million. Thus, the proposal would be expected to have little effect on jobs.

If the capital incentives increase savings, as is suggested by the sponsors, these slight contractionary effects would be increased since an increase in savings reduces aggregate demand. There is, however, little reason to believe that the tax provisions in the proposal will increase savings because there is little evidence that increasing the rate of return increases savings.<sup>2</sup>

<sup>2</sup> Economic theory indicates that the effects of reducing taxes on capital income has ambiguous effects on savings, due to offsetting income and substitution effects. Most time series studies of savings fail to uncover a significant relationship. See Michael Boskin, Taxation, Savings, and the Rate of Interest, *Journal of Political Economy*, v. 86, January,

#### LONG RUN EFFECTS ON ECONOMIC GROWTH

In the long run, there is no reason to expect any effect on the number of jobs even with a large change. A fiscal stimulus does not have a persistent effect on employment. Rather, the issue in the long run is the effect of the proposal on overall savings and investment.

The effect of the proposal in the long run, given the lack of evidence that tax incentives increase savings, will depend largely on the effects on the deficit. In the last year, the spending cuts approximately equal the revenue losses (the net is \$95 million), which would suggest no permanent effects.

It seems likely that the proposal will reduce growth in the long run, however, because the revenue losses from the tax provisions are likely to grow substantially. Moreover, at least one of the spending cost will eventually turn into a loss—the elimination of lump sum Federal Retirement payments. The provision is responsible for \$3 billion in spending cuts in the last year estimated. Since these payments substituted for annuities, spending on annuities will rise eventually and the spending cut will become a spending increase.<sup>3</sup>

One of the tax proposals, the increase in expensing for investment, will continue to decline in revenue cost. This provision loses \$1 billion in the last year, and will probably become quite small. This decline can be readily seen in the revenue estimates.

Two of the tax proposals—capital gains and IRAs—will be likely to lose much larger sums in the future. This trend can also be seen in the revenue estimates presented.

First, the prospective capital gains provision begins at a very small revenue loss because it initially indexes only the small amount of inflation on newly purchased assets. The revenue loss grows rapidly. At 1998 levels of income, the long run steady state cost of capital gains indexing is estimated at about \$26 billion.<sup>4</sup>

1978, pp. s3-s27; Barry Bosworth, *Tax Incentives and Economic Growth*, Washington D.C.: Brookings Institution, 1984; A. Lans Bovenberg, Tax Policy and National Savings in the United States: A Survey, *National Tax Journal*, v. 42, June, 1989, pp. 123-138; Irwin Friend and Joel Hasbrouck, Saving and After Tax Rates of Return, *The Review of Economics and Statistics*, v. 65, November, 1983, pp. 537-543; E. Philip Howry and Saul H. Hymans, The Measurement and Determination of Loanable Funds Savings, *Brookings Papers on Economic Activity*, No. 3, 1978, pp. 655-705; John Makin and Kenneth A. Couch, Savings, Pension Contributions, and the Real Interest Rate, *The Review of Economics and Statistics*, v. 71, August, 1989, pp. 401-407. Economic theory suggests that IRAs are not likely to increase savings because most participants are at the limit and have no tax incentive at the margin, leaving only an income effect that tends to reduce savings. Although some studies of IRAs have found a positive savings effect, those studies have been the subject of some criticism; others have found no effect. See Jane G. Gravelle, Do Individual Retirement Accounts Increase Savings? *Journal of Economic Perspectives*, 5, Spring, 1991, pp. 13-148, for a review.

<sup>3</sup> The cutbacks in spending on mass transportation and highways would also have an effect to the extent that they reduce the stock of public capital, although these effects might not show up in measured GNP.

<sup>4</sup> The current baseline is estimated at \$162 billion at 1993 income levels, and indexing is estimated to result in the equivalent of a 54 percent exclusion. At current levels the revenue loss, assuming a 25.7 percent average marginal tax rate, is \$22.5 billion (0.257 \$162 billion 0.54). Based on recent research on the realizations response, we include a behavioral response that will increase realizations by about 15 percent. (See Jane G. Gravelle, Limits to Capital Gains Feedback Effects, Congressional Research Service Report 91-250, March 15, 1991, and Leonard E. Burman and William C. Randolph, Measuring Per-

Secondly, the IRA provisions will grow rapidly over time given the increase in funds built up in these tax exempt accounts. We estimate this long run revenue cost to be approximately \$14 billion annually at 1998 income levels.

The excess of the capital gains and IRA provisions over the amounts reported in the estimated data would be \$32 billion in 1998. Netting out the \$1 billion cost of the depreciation provision against the \$3 billion of savings from the Federal retirement program (that will reverse sign) results in an additional cost in excess of \$34 billion in 1998. This increase in the budget deficit will largely come out of private savings/investment. Hence, the proposal taken as a whole would be expected to reduce overall savings and the long run level of output.

#### MATERIALS SUPPLIED BY THE MINORITY STAFF OF THE JOINT ECONOMIC COMMITTEE

The Minority staff of the Joint Economic Committee provided two documents that they indicated were relevant to the jobs estimates.

The first document was a one page summary estimating the effects of the IRA provision done by Roger Brinner of Data Resources Inc. It predicted an eventual increase of 250,000 jobs. This model is a standard short-run macroeconomic model with unemployed resources. The simulation, however, could not have been a standard simulation of the IRA provision in the proposal, since the IRA provision actually raises money in the short run. Such a straightforward simulation should have produced a contractionary effect of negligible magnitude. It appears from a footnote that the expansionary effect may reflect an assumption that individuals will withdraw and spend large amounts from IRAs, presumably because of penalty free withdrawals for certain purposes—that is, that the provision will provide a reduction in saving that will be quite large. We know of no evidence to support such an assumption.

The second document is a paper entitled "Capital, Taxes and Growth", by Gary Robbins and Aldona Robbins (National Center for Policy Analysis). This paper does not provide a direct estimate of jobs for the proposal but rather outlines a model that apparently reflects some of the underlying methodology. This model is essentially a long run growth model as discussed in the previous sections and does not really address the consequences in the next few years since it has no adjustment path. This model would predict that reductions in tax burdens would increase output in the long run, because it assumes an infinitely elastic savings response. As noted above, the empirical literature does not necessarily support a savings response; even in the study where positive elasticities are found, the response is small. Because of the infinite savings elasticity, deficits do not reduce savings and investment.

#### RETIREMENT OF PHIL DECELLE

Mr. SMITH. Mr. President, I rise today to honor a dedicated teacher and old friend, Phil Decelle on the occasion of his retirement. As a devoted father and husband, Phil personifies the moral strength and patriotism that has made a difference in the lives of so many.

manent Responses to Capital Gains Tax Changes in Panel Data, Forthcoming, *American Economic Review*. The number is increased to 1998 levels to reflect a 6 percent annual nominal growth.



I first met Phil Decelle in 1970 when he was the social studies department head at Kingswood Regional High School of Wolfeboro, NH. Under the direction of Robert Morrison, the principal of Kingswood, Phil hired me as a social studies teacher. I am very grateful to him for that position. If it had not been for Phil, I may not be where I am today.

During his 29 years of teaching, Phil Decelle was committed to excellence in education. I was always impressed with his command of the subject matter that he taught. Furthermore, Phil showed great concern and care for his students. Over the years, I have talked to a number of student who have told me how much they have benefited from his teaching and personal concern.

Beyond his teaching responsibilities, Phil gave freely of his time to students outside of the classroom. He volunteered to serve on my Academy Board for the past 9 years, which reviews student applications for the service academies. Phil has helped almost 300 young men and women to realize their dream of attending one of the four military service academies.

As Phil embraces retirement, he can now concentrate on his love of fishing. There are now no more excuses for not locating the big fish because he will have plenty of time to look! And, many of his friends want to know where it is.

Again, I wish Phil and his wife, Joan, many happy years of retirement. I thank them for 23 years of good friendship, which I know will continue.

#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

#### CONGRESSIONAL SPENDING LIMIT AND ELECTION REFORM ACT OF 1993

The PRESIDING OFFICER. The Senate will resume consideration of S. 3, which the clerk will report.

The legislative clerk read as follows:

A bill (S. 3) entitled "Congressional Spending Limit and Election Reform Act of 1993."

The Senate resumed consideration of the bill.

Pending:

(1) Mitchell/Ford/Boren amendment No. 366, in the nature of a substitute.

(2) Bingaman amendment No. 384 (to amendment No. 366), to condemn the extraconstitutional and antidemocratic actions of President Serrano of Guatemala.

Mr. BINGAMAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

#### AMENDMENT NO. 384

Mr. BINGAMAN. Mr. President, I wish to speak for a few minutes on this amendment that is now pending. Am I correct that the pending amendment is the Bingaman amendment?

The PRESIDING OFFICER. The Senator is correct.

Mr. BINGAMAN. Mr. President, the amendment which I did send to the desk yesterday and which is the pending amendment is a very straightforward amendment. It states that the Senate agrees with the position of our President in condemning the actions that the President of Guatemala took on Tuesday morning when he disbanded the Congress, disbanded the Supreme Court, put in place censorship of all news media, and essentially suspended the effect of their Constitution.

The President condemned that action. In my view the Senate should be on record as condemning that action. It is consistent with our commitment to democracy in Latin America and throughout the world. I believe strongly that this is an issue about which we should make a statement.

The amendment was introduced on Wednesday by me and various cosponsors. It was referred to the Foreign Relations Committee. It was on their agenda yesterday, Thursday, but efforts to have action taken on the amendment were blocked by the ranking member of the Foreign Relations Committee at that time. It was my understanding that he felt the criticism of President Serrano's position was unfair and objected to the substance of the resolution, which he had a right to do.

Because the Foreign Relations Committee was prevented from acting, and because the issue appeared to me urgent, last night I offered it as an amendment to this campaign finance bill. It was not my intention to delay progress on campaign finance reform. It was my hope that the Senate could proceed quickly to have a short debate on the issue and have a vote, at least a voice vote on the issue, and come out in support of President Clinton's policy.

I was informed last night that the Republican ranking member objected to us proceeding to a vote, and that if necessary the Republican leader would raise objections and prevent the Senate from going to any other business, prevent the Senate from taking any other action until this matter was withdrawn.

In essence, I was informed that the Republican side of the aisle was prepared to filibuster in order to prevent the Senate from expressing an opinion on this issue.

I was also informed that unless the amendment was withdrawn, the Republicans would raise objections to the Senate considering various nominations that have come out of the Foreign Relations Committee, four of those in particular: The President's nominee, Marilyn McAfee, of Florida, a career member of the Senior Foreign Service to be the Ambassador to Guatemala; William Thornton Pryce, of

Pennsylvania, a career member of the Senior Foreign Service to be the Ambassador to Honduras; John Shattuck, of Massachusetts, to be the Assistant Secretary of State for Human Rights and Humanitarian Affairs; and James Richard Cheek, of Arkansas, a career member of the Senior Foreign Service as Ambassador to Argentina.

Mr. President, if anyone wonders why the people of the country have lost confidence in the Congress, and why the people have lost patience with gridlock here in Washington, in my view this is a classic example of the problem.

The Senate is not being permitted to vote in a straightforward way on a straightforward resolution, even a voice vote, because the Republican minority in the Senate Foreign Relations Committee objects to a vote occurring. Not only are we not permitted to vote, I am informed that the Republican minority will block approval of administration nominees in order to keep the Senate from denouncing what I see as a blatantly illegal and unconstitutional act by a head of state in this hemisphere.

I would ask the minority manager of the bill if I am correctly stating the position of the Republican side? If the manager would advise whether or not a vote on this amendment is possible today, I would appreciate that.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. McCONNELL. I would say to my friend from New Mexico that there is objection to voting on this amendment in connection with this bill at this time.

Mr. BINGAMAN. Let me ask further, am I correct in the information I received last night that the Republican side also objects to proceeding with the votes or confirmation of these four appointees until this matter is withdrawn?

Mr. McCONNELL. I cannot respond to that. I can check on that and let the Senator know.

Mr. BINGAMAN. Could the Senator advise me as to whether there are holds on these nominees? Does the Senator know if there are holds on those nominations?

Mr. McCONNELL. If the Senator will withhold, I will try to give him an answer. But in any event, I think it is fairly safe to say there will not be a vote on the Bingaman amendment on this bill.

Mr. BINGAMAN. I am just trying to determine whether or not the fact that the amendment is pending is a reason for Republican opposition to going forward with these nominees.

Mr. McCONNELL. Mr. President, I say to my friend from New Mexico, I will be glad to try to answer his question. I do not have personal knowledge of that, but I will be glad to try to answer his question.

Mr. BINGAMAN. I would appreciate being informed of that if the Senator could.

Mr. President, I do not wish to delay the Senate. I know the majority leader is anxious to get on to additional amendments. My purpose has been to shine a light on what I see as blatantly illegal actions by the President of Guatemala. I think this is a serious issue. This country needs to reaffirm our commitment to supporting democracy throughout Latin America.

In order to force the issue, I would have to greatly inconvenience the Senate. And if my information that I received last night is correct, I would also evidently have to be willing to delay, or sit by and watch the delay of the confirmation of various of these nominees, whom I know the President is anxious to put into key positions.

So depending upon the actions that are taken in Guatemala in the next few days, I think we will have additional opportunities to visit this issue. I intend to continue to pursue this issue on the Senate floor. I think it is an important issue for our country on which to focus.

Mr. President, in deference to the majority leader and the rest of my colleagues and those who are wishing to vote on some amendments before we leave for recess, I will withdraw the amendment at this time.

The PRESIDING OFFICER. The Senator has that right. The amendment is withdrawn.

The amendment (No. 384) was withdrawn.

Mr. MITCHELL addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. MITCHELL. Mr. President, as I indicated in writing to the Members of the Senate over a month ago, and as I stated publicly here on the Senate floor each and every day this week, it is my hope and expectation, my intention, that the Senate will vote in relation to amendments to this bill today. I understand the Senator from Arizona is prepared to proceed with his amendment; the Senator from Florida has two amendments. My understanding is he will take a relatively brief period of time.

So I hope that we can—I thank the Senator from New Mexico for his courtesy. I regret that he has been prevented from obtaining a vote on his measure. But I thank him for the statement and withdrawing the amendment.

I hope that we can now proceed and dispose of some of these amendments. I believe they can be disposed of promptly one way or the other or that we can complete this session, and complete action on those measures today early enough so that Senators may not be inconvenienced.

Mr. McCONNELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. McCONNELL. Very briefly, before we return to amendments, Mr. President, there are two excellent articles, one in Roll Call, and one in the Washington Post, yesterday that I would like to make colleagues made aware of. One is by George Will entitled "Selling Out the First Amendment." I ask unanimous consent that that be printed in the RECORD, along with the article in Roll Call by Prof. Larry Sabato of the University of Virginia, in opposition to spending limits, and also making a point that most academics in America are opposed to the spending limits—I ask unanimous consent they be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, May 27, 1993]

#### SELLING OUT THE FIRST AMENDMENT

(By George F. Will)

Truck scales will be needed to weigh the printed words spoken in coming weeks on campaign finance reform. Yet the only campaign law appropriate for a free society would contain just four words: "No cash; full disclosure."

One reason "reform" is being pushed is to defuse the drive for term limitations for senators and congressmen. But the reform bill being debated in the Senate is fresh evidence of the need for term limits. It proves that the political class in its quest for protected incumbency would trample the Constitution.

The bill would create an at least \$200 million (and indexed to rise) entitlement for politicians in order to empower the government to stipulate the permissible amount of political speech. The bill offers "incentives" for candidates to accept taxpayer financing in exchange for spending limits. But the incentives are blatantly coercive.

The consensus of professional politicians and professional reformers is that political spending is "too high." But when congressional campaign spending in 1992 was 52 percent higher than in 1990, that was a sign of civic health—a 68 percent increase in the number of candidates. The 470 House and Senate elections in 1992 cost \$678 million, about 40 percent of the sum Americans spent on yogurt.

Spending limits generally handicap challengers' abilities to compensate for incumbents' advantages—name recognition, access to media, franked mail, the use of modern government's myriad favor-buying activities. A ban on contributions by political action committees would simply cause more money to come into the process from individual contributors, or as "soft" money spent on behalf of candidates by non-party organizations like labor unions. (The bill bans "soft" money for parties, a traditional Republican advantage. Democrats benefit disproportionately from non-party soft money, so the bill leaves that unrestricted.)

Fortunately, the Supreme Court has held that the First Amendment requires solicitude "for the indispensable conditions of meaningful communication." Because soap boxes and stumps are inadequate venues for the dissemination of opinions to a complex continental nation, the court has given constitutional status to the thought that "money talks." Spending is indispensable for effective free political speech. To limit the

former is to limit the latter. The court has held that mandatory spending limits are unconstitutional; it almost certainly would hold the new bill's provisions unconstitutional as coercive.

Under its provisions, a candidate who refused to take tax dollars in exchange for spending limits would be denied the broadcasting and postal discounts given to government-funded candidates. And if the privately funded candidate exceeded the speech limits—that's what spending limits are—that the government-funded candidate is held to, the government-funded candidate would get a much more than merely a compensating infusion of additional tax dollars. The penalties for a privately funded candidate exceeding the government speech ration also include clearly punitive bookkeeping requirements.

Furthermore, with amazing crudeness the bill would require all privately funded candidates to include in their broadcast advertisements the statement that "the candidate has not agreed to voluntary campaign limits." An American Civil Liberties Union dissection of the bill tartly notes that the bill's sponsors would not consider the following an acceptable alternative statement: "The candidate has chosen not to sell his First Amendment rights to the government in order to be permitted to spend tax dollars." Fortunately, the court has held that the First Amendment protects the freedom to choose "both what to say and what not to say."

Because money is fungible, attempts to regulate it in order to ration speech must beget a huge speech-policing bureaucracy and a mare's nest of rules. Suppose candidate Smith favors, and candidate Jones opposes, intervention in Bosnia. Suppose citizen Green runs a substantial advertising campaign opposing intervention. Is that a "soft money" contribution to Jones? If Smith is taxpayer-financed and Jones is not, would Green's expenditure trigger a "compensating" taxpayer subsidy to Smith? Imagine how gargantuan the Federal Elections Commission will be when it is policing permissible speech in upward of a thousand Senate and House primary and general elections every two years.

The court has held that "it is not the government, but the people—individually as citizens and candidates and collectively as associations and political committees—who must retain control over the quantity and range of debate on public issues in a political campaign." Were the political class serious about opening the political process and leveling the field for challengers and incumbents, the political class would turn not to public financing, which the public opposes, but to term limits, which 75 percent of the public favors.

True, public financing would eliminate fund-raising, the most tiresome aspect of careers devoted to politics. But there should not be such careers. And until the political class will accede to term limits—or, what is much the same thing, until it will allow a constitutional amendment limiting terms to be considered by the states—nothing should be done to make the life of the political class less disagreeable.

[From Roll Call, May 27, 1993]

#### GUEST OBSERVER

(By Larry J. Sabato)

#### SPENDING LIMITS: BETTER PRAY THE GOD OF GRIDLOCK STEPS IN

It's baaack. Campaign finance reform, that persistent modern crusade to achieve the



unachievable, has appeared again on the horizon. Democrats, Republicans, and Ross Perot independents are hawking plans to fix the system that produces a so-called Congressional money chase.

These efforts are well intentioned, for the most part, but misguided and futile. Once again, all the bad reform ideas that sound good are being dressed up and put on legislative display. Spending limits are foremost among them.

The most compelling argument against this idea was unwittingly provided by Michael Waldman, the Clinton Administration's point man on campaign finance.

Waldman told the Washington Post what reform critics have been trying to tell policymakers for years: "Where you put up a wall, the money will eventually find its way to flow around \* \* \*."

The First Amendment makes it impossible to stop the flow of political money. When you dam it in one place, it merely cuts another channel or begins moving freely underground, undisclosed. Artificial spending limits will inevitably increase constitutionally unlimited "independent" expenditures as well as nonparty soft money that often has a hidden partisan agenda.

Spending limits also will have other unfortunate, presumably unintended, consequences. For example, they will help the haves and hurt the have-nots. Well-organized individuals and PACs, who can give early in the election cycle before a candidate's limit is reached, will have an advantage. Poorer, late-organizing interests will be at an even greater disadvantage.

Moreover, spending limits are unlikely to prove a boon to challengers, contrary to the claims of advocates. Incumbents, for instance, will always be in a much better position than challengers to take advantage of the loopholes in spending limits, loopholes that will be quickly discovered or invented by the teams of ingenious campaign finance lawyers at their beck and call.

And let's not forget about incumbents' access to hundreds of thousands of dollars of tax-financed re-election perks—mass mailings, mobile offices, etc.—every election cycle.

The continuing attack on PACs is another suspect item on the reformers' agenda. Political action committees, representing interest group activity, are a completely natural and inevitable part of a robust electoral system. Since most PACs have hundreds, thousands, even millions of members, why is a contribution limit of just five times a single person's limit (\$5,000 vs. \$1,000) considered so outrageous?

Most of the reformers' other proposals are also deeply flawed. Take full or partial taxpayer-financing of campaigns. Have its advocates noted the near-collapse of public participation in the presidential \$1 income check off? Or consider bundling, another favorite target of the reformers. As long as bundling is fully disclosed, how is it worse than any of the alternatives?

Finally, some Republicans are enthralled with the notion of eliminating or reducing donations from people who are not among a legislator's constituents. This proposal ignores the seniority system, which guarantees that some Members of Congress are more equal than others, with the power to transform the lives of non-constituents.

There are other reforms that would actually do some good, but they have little chance of enactment. Free, non-taxpayer funded grants of substantial broadcast time for political parties and candidates have long

been high up on the list of desirable changes, but the broadcasting lobby will fight it to the death. Full tax credits for small, individual contributions would encourage the least self-interested donations, but the budget deficit cannot stand the drain of a hundred million dollars or more annually.

The best reform of all would be a requirement for true full disclosure of political money across the board, including political party, corporate, and labor expenditures of all kinds at all levels.

Coupled with this no-exceptions disclosure rule should come a considerable increase in the funding of the Federal Election Commission so that the FEC could help the press and public interest groups quickly consolidate and analyze more fundraising data before each election.

Before these good ideas have a chance of enactment, though, the bad ideas will have to go. It's true that defending the status quo of unlimited spending, PAC contributions, bundling, and soft money has become work reserved for heretics and tenured academics. Yet the current superstructure of campaign finance becomes far more palatable when compared with the proposed alternatives.

President Clinton is fond of attacking the "guardians of gridlock," who he says have stifled changes in the past. In a number of cases the President is right, but in the instance of campaign finance reform, the unintended (and some of the intended) consequences of many sweet-sounding reform proposals should give us pause. It may be time to pray to the god of gridlock and beg for intercession.

Mr. MCCONNELL. Mr. President, also recapping briefly, the debate, we have handled 6 Republican amendments, and 12 Democratic amendments this week; 2 very important amendments were dealt with yesterday. One, I think probably the most important amendment we will deal with on this bill, was the question of whether or not the Senate was going to go on record in favor of amending the first amendment for the first time in 200 years. We have never done that before.

The Senators previously stated as recently as a few years ago, I heard the majority leader as a matter of fact saying the first amendment should never be amended under any circumstances ever. Fortunately, the Senate yesterday came up 15 votes short of what would be required to a pass a constitutional amendment resolution in this body. So I think it is safe to say for those who revere the first amendment that there is no chance that the first amendment will be in fact amended in the U.S. Senate in connection with the issue of campaign finance reform.

So, Mr. President, I am happy—I see Senator DECONCINI is here. We are ready to do business. I yield the floor.

Mr. MITCHELL. Mr. President, I inquire of the Senator from Arizona whether he would be willing to accept a time limitation on his amendment.

Mr. DECONCINI. I am. I was not here last night, Mr. Leader. I thought we had got an hour limitation.

Mr. MITCHELL. There was no agreement possible last evening.

Mr. DECONCINI. Yes. I do not think I will take a full 30 minutes. An hour

equally divided would be fine. I will try to yield back before that.

Mr. MITCHELL. Would the Senator be agreeable to a 40-minute time limitation?

Mr. DECONCINI. The majority leader is so persuasive. I cannot turn him down.

#### ORDER OF PROCEDURE

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Senator from Arizona be recognized to offer his amendment, that there be 40 minutes of debate equally divided and controlled in the usual form on the amendment, that there be no second-degrees or motions to recommit, that on the completion or yielding back of time on the debate that the vote occur on or in relation to the Senator's amendment.

THE PRESIDING OFFICER. Is there objection? Without objection, it so ordered.

Mr. DECONCINI addressed the Chair. THE PRESIDING OFFICER. The Senator from Arizona [Mr. DECONCINI].

#### AMENDMENT NO. 388

(Purpose: To reduce the spending limits for eligible Senate candidates)

Mr. DECONCINI. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

THE PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Arizona [Mr. DECONCINI] proposes an amendment numbered 388.

Mr. DECONCINI. Mr. President, there is an amendment already there bearing my name. This is a slightly modified one.

Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

THE PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 8, line 18, strike "67 percent" and insert "50 percent".

On page 12, line 25, strike "\$1,200,000" and insert "\$900,000".

On page 13, line 12, strike "30 cents" and insert "21 cents".

On page 13, line 5, strike "25 cents" and insert "18 cents".

Mr. DECONCINI. Mr. President, last November the citizens of this country voted loudly and clearly for change. Among the highest on their list were the changes in campaign finance reform, having been disillusioned by the inordinate amount of time that candidates spend raising money, and about the amount of money that is spent; and they have learned that incumbents, the entrenched politicians can raise that money. Quite frankly, I think they are tired of the 30-second sound bites on our television screens selling their message rather than campaigning and talking to people.

The legislation which we are debating today addresses many of these issues. I commend President Clinton, Senate majority leader MITCHELL, ma-

jority whip FORD, and the Senator from Oklahoma, Senator BOREN, for their efforts to restore public confidence in our election process. However, Mr. President, quite frankly, I believe that this bill falls way short of true reform.

I understand how this process works having been here for 17 years. But you know, if we do not really limit the amount of money we are going to not have accomplished any meaningful reform.

Today, I am introducing and have before the Senate an amendment to S. 3 that would further limit voluntary spending. Without substantial voluntary spending limits there will be no real campaign finance reform. The voluntary spending limits that I am recommending are lower than those contained in the leadership amendment before us today and lower than those passed in the campaign reform in the 101st and 102d Congress. Although the legislation before us halts skyrocketing campaign spending, it does not go far enough in this Senator's view. The spending limits that I am suggesting would guarantee that fully half of the Senate races would be kept below \$1.5 million. For a general election the limit in my amendment would be \$400,000 plus 21 cents for each voter up to 4 million voters, plus 18 cents for each voter over 4 million voters with a minimum limit of \$900,000 and a maximum limit of \$5.5 million. Primary election spending would be limited to only 50 percent of the general limits. This formula further cuts spending and provides realistic fundraising goals for challengers.

As the spending limits in the bill before us, S. 3, are meant to reduce the power of incumbents, campaign war chests, and create competitive Senate elections. While these limits will indeed prevent incumbents from amassing large campaign funds, and the broadcast and postal benefits will increase the ability of challengers to counter the inherent communication advantages of incumbency, the spend-

ing limits in this bill do not safeguard against the significant discrepancies that exist and will continue to exist between the contributions incumbents and challengers are able to raise.

The Senate has an obligation to ensure the scales are balanced, and Mr. President, I believe that this amendment before us will help bridge this fundraising gap.

Mr. President, we must establish a system that is fair to the challengers as well as to incumbents. We must set realistic and obtainable spending limits. With a challenger in a State with a voting age population of under 3 million people seeing a spending limit of just over 2 million as tolerable, Mr. President, I do not think that they will consider that as a real reform.

In 1992, 15 of the 34 Senate challengers faced incumbents in States with voting age populations under 3 million. According to FEC figures these challengers on the average raised and spent only \$810,000 over \$1.1 million below the spending limits set forth in this bill before us. Let us be honest about it. These challengers could have spent more money if they could have raised more money. Fundraising conditions will not be different in 1994, 1996, or 1998. Incumbents will not have difficulty raising the additional \$1.1 million, challengers will. This is not leveling the playing field.

Mr. President, the spending limits in my amendment may be viewed as only a few cents here and a few cents there. But pennies add up to dollars, and dollars add up to hundreds of thousands of dollars. My amendment would reduce the cost of running a Senate primary and general election campaign in the State with a voting age population of under 2 million to only \$1,350,000; \$650,000 less than this legislation recommends, and would substantially reduce the spending limits for States with large voting age population. S. 23 would allow a Senate candidate in Arizona to spend over \$2 million. This amendment would limit that amount

down in Arizona to \$1,446,000, over \$500,000 less.

Let me give you a few for instances: California candidate spending under this bill would be \$9.18 million, and is reduced to \$6.7 million. In Florida, it would come down from \$5,290,000 to \$3.5 million, a difference of \$1,740,000. In the State of Michigan, it is the same kind of reduction.

I have a State-by-State breakdown that I would be happy to share with my colleagues here, and I will put a copy of it in the RECORD. It points out in every State, including my State of Arizona, what the reductions would be between the DeConcini amendment and S. 3, which is before us today.

I want to share one more statistic with you. In 1992, Mr. President, Senate general election candidates spent \$195,320,000. The piece of legislation before us reduces this total by less than \$1 million. I do not consider that meaningful reform. Not only must we stop the runaway cost of Senate elections, we must turn the train around. The spending limits in my legislation would reduce spending by an additional \$62 million. It is time that we reverse the spending trend.

Mr. President, we have an opportunity to institute the change the Congress truly needs and the American people desperately want. Let us have some courage to do it. This chart demonstrates what, in 1992, was spent on the Senate general election and what, in 1999, will be spent, if this bill is passed. The difference is that it will be spent more equally if this bill is passed which is a positive. But it is not a real reduction in spending. The amendment before us would reduce it \$62 million. I ask unanimous consent that the table. I referred to earlier be printed in the RECORD.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

CAMPAIGN FINANCE REFORM/STATE

State	VAP	General limit		Primary limit		Cycle limit	
		DeConcini amendment	S. 3	DeConcini amendment	S. 3	DeConcini amendment	S. 3
Alabama	3,018	1,033,780	1,305,400	516,890	874,618	1,550,670	2,180,018
Alaska	391	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000
Arizona	2,740	975,400	1,222,000	487,700	818,740	1,463,100	2,040,740
Arkansas	1,746	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000
California	22,218	4,519,240	5,500,000	2,259,620	3,685,000	6,778,860	9,185,000
Colorado	2,493	923,530	1,200,000	461,765	804,000	1,385,295	2,004,000
Connecticut	2,527	930,670	1,200,000	465,335	804,000	1,396,005	2,004,000
Delaware	512	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000
Florida	10,280	2,370,400	3,170,000	1,185,200	2,123,900	3,555,600	2,593,900
Georgia	4,848	1,392,640	1,812,000	696,320	1,214,040	2,088,960	3,026,040
Hawaii	846	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000
Idaho	721	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000
Illinois	8,545	2,058,100	2,736,250	1,029,050	1,833,287	3,087,150	4,569,537
Indiana	4,144	1,265,920	1,636,000	632,960	1,096,120	1,898,880	2,732,120
Iowa	2,069	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000
Kansas	1,822	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000
Kentucky	2,754	978,340	1,226,200	489,170	821,554	1,467,510	2,047,754
Louisiana	3,018	1,033,780	1,305,400	516,890	874,618	1,550,670	2,180,018
Maine	924	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000
Maryland	3,659	1,168,390	1,497,700	584,195	1,003,459	1,752,585	2,501,159
Massachusetts	4,622	1,351,960	1,755,500	675,980	1,176,185	2,027,940	2,931,685
Michigan	6,884	1,759,120	2,321,000	879,560	1,555,070	2,638,680	3,876,070
Minnesota	3,243	1,081,030	1,372,900	540,515	919,843	1,621,545	2,292,743
Mississippi	1,841	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000



## CAMPAIGN FINANCE REFORM/STATE—Continued

	VAP	General limit		Primary limit		Cycle limit	
		DeConcini amend- ment	S. 3	DeConcini amend- ment	S. 3	DeConcini amend- ment	S. 3
Missouri	3,818	1,201,780	1,545,400	600,890	1,035,418	1,802,670	2,580,818
Montana	585	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000
Nebraska	1,158	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000
Nevada	962	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000
New Hampshire	824	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000
New Jersey	5,919	1,585,420	2,079,750	792,710	1,393,432	2,378,130	3,473,182
New Mexico	1,089	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000
New York	13,691	2,984,380	4,022,750	1,492,190	2,695,242	4,476,570	6,717,992
North Carolina	5,094	1,436,920	1,873,500	718,460	1,255,245	2,155,380	3,128,745
North Dakota	461	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000
Ohio	8,120	1,981,600	2,630,000	990,800	1,762,100	2,972,400	4,392,100
Oklahoma	2,330	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000
Oregon	2,174	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000
Pennsylvania	9,132	2,163,760	2,883,000	1,081,880	1,931,610	3,245,640	4,814,610
Rhode Island	774	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000
South Carolina	2,622	950,620	1,200,000	475,310	804,000	1,425,930	2,004,000
South Dakota	503	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000
Tennessee	3,723	1,181,830	1,516,900	590,915	1,016,323	1,772,745	2,533,223
Texas	12,380	2,748,400	3,695,000	1,374,200	2,475,650	4,122,600	6,170,650
Utah	1,128	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000
Vermont	422	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000
Virginia	4,748	1,374,640	1,787,000	687,320	1,197,290	2,061,960	2,884,290
Washington	3,703	1,177,630	1,510,900	588,815	1,012,303	1,766,445	2,523,203
West Virginia	1,364	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000
Wisconsin	3,644	1,165,240	1,493,200	582,620	1,000,444	1,747,860	2,493,644
Wyoming	323	900,000	1,200,000	450,000	804,000	1,350,000	2,004,000

Mr. McCONNELL. Mr. President, the amendment of the Senator from Arizona would certainly guarantee that no challenger again in America would win an election, unless he happened to be extremely well known in the beginning. I suppose Arnold Schwarzenegger would not have a problem with name identification or, say, a sitting Senator is running against the sitting Governor, who sits on top of the State government is challenging the incumbent Senator. That person will not have any name identity problems. Certainly, there would be a distinct advantage against the incumbent.

Typically speaking, under the amendment of the Senator from Arizona, the election of a challenger would be a rarity indeed, because the challenger typically has one essential problem: Nobody knows who he or she is. To the extent that you make communication difficult or impossible in an election, the best-known candidate always wins.

The only thing I can say good about the amendment is, of course, it will not work. Spending limits are like putting a rock on Jell-O, and you can imagine what happens; it sort of oozes out the side in unlimited and undisclosed amounts. So the amendment would divert it in different directions.

In the Presidential race it costs nothing to impede spending. You cannot be consistent with the first amendment and keep people from expressing themselves or their favorite candidate, or against the candidate they dislike the most. That is why scholars across America, the overwhelming majority of them, who are certainly not Republicans, in the universities, think spending limits are a goofy concoction. So all my friend has done is take a bad idea and make it worse.

There is an interesting piece I referred to earlier this morning, by Prof. Larry Sabato from Virginia, on the spending limits issue.

Professor Sabato says:

Once again, all the bad reform ideas that sound good are being dressed up and put on legislative display. Spending limits are foremost among them.

The most compelling argument against this idea was unwittingly provided by Michael Waldman, the Clinton Administration's point man on campaign finance.

Waldman told the Washington Post what reform critics have been trying to tell policymakers for years: "Where you put up a wall, the money will eventually find its way to flow around. . ."

The First Amendment makes it impossible to stop the flow of political money. When you dam it in one place, it merely cuts another channel or begins moving freely underground, undisclosed. Artificial spending limits will inevitably increase constitutionally unlimited "independent" expenditures as well as nonparty soft money that often has a hidden partisan agenda.

Spending limits also will have other unfortunate, presumably unintended, consequences. For example, they will help the haves and hurt the have-nots. Well-organized individuals and PACs, who can give early in the election cycle before a candidate's limit is reached, will have an advantage. Poorer, late-organizing interests will be at an even greater disadvantage.

Moreover, spending limits are unlikely to prove a boon to challengers, contrary to the claims of advocates. Incumbents, for instance, will always be in a much better position than challengers to take advantage of the loopholes in spending limits, loopholes that will be quickly discovered or invented by the teams of ingenious campaign finance lawyers at their beck and call.

Mr. President, I do not think there is much more you could say about this amendment. I am sure it sounds good to some. But as a practical matter, spending limits, in general, do not work. The more you lower them, the worse it gets. So to the extent you bring the limits down even further, you will have more black market money in politics, unlimited, undisclosed, sewer money, soft money, typically, by groups hiding behind the Tax Code.

Just one other point, Mr. President. In looking at another article by a fel-

low named Samuel Popkin, who has written a lot about the American electorate, he says in the Washington Post, on December 1, 1991:

If the David Duke campaign had any enduring message for America, it was this: Competing with demagogues is expensive. Office-seekers who wish to sell a complicated message to an increasingly diffuse electorate must outspend their brassier opponents.

Only a "cheap" message can get through in a "cheap" campaign. It takes more time and money to communicate about complicated issues of governance than to communicate about race. Yet critics are once again calling for reforms that would curb campaign advertising and spending to protect gullible Americans from the spiritual pollution of political snake-oil merchants.

The fact is, our campaigns aren't broken, and don't need that kind of fixing. Voters are not passive victims of mass-media manipulators, and it is dangerous to assume that low-key "politically correct" campaigns would somehow eliminate the power of the visceral image. Restricting television news to the MacNeil/Lehrer format—and requiring all the candidates to model their speeches on the Lincoln-Douglas debates—won't solve America's problems.

He goes on, and it is an interesting article:

If government is going to be able to solve our problems, we need bigger and noisier campaigns to rouse voters. It takes bigger, costlier campaigns to sell health insurance than to sell the death penalty; the cheaper the campaign, the cheaper the issue. Big Brother is gaining on the public. Surveys show that voter perceptions about presidential candidates and their positions are more accurate at the end of campaigns than at the beginning; there is no evidence that people learn less from campaigns today than they did in past years.

Referring to the David Duke-Edwards election, he points out:

The Duke-Edwards election shows that people will turn out to choose between a Nazi and a crook when the campaign is big enough to keep them mobilized.

The real reason that voter turnout is down is that campaigns are not big enough to keep them tuned in.

That was written before the 1992 campaign in which it went up 5 percent. Mr. President, that pretty well makes the case. I can see why Senators might want to support this. It would guarantee the re-election of all of us, because no unknown challenger would have a chance under this amendment and its provisions.

I reserve the remainder of my time.

Mr. DECONCINI. Mr. President, how much time does the Senator have remaining?

The PRESIDING OFFICER. The Senator from Arizona has 12 minutes and 28 seconds.

Mr. DECONCINI. I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. DECONCINI. Mr. President, I am going to be very short. In fact, it is so clear that challengers on average only were able to raise \$810,000 in the last election cycle. So the argument that they will not be known just does not hold water.

The fact is that when I ran in 1976, I was unknown. I spent a quarter of what my opponent spent. I like to think I got elected not by spending a lot of money but by doing a lot of hard work with people.

What am I doing in 1994? I have to go out and raise millions of dollars. I want to campaign. I want to take my message to the people. That is what this campaign reform is all about.

I would hope that our colleagues in this body would come forward and vote to do some meaningful reform.

If the Senators from Kentucky and Oklahoma are prepared, I am prepared to yield the floor and proceed with the vote.

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. McCONNELL. Mr. President, I am prepared to yield back my time and proceed to the vote.

The PRESIDING OFFICER. All time has been yielded back.

Mr. McCONNELL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. McCONNELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

All time has expired.

The question is on agreeing to the amendment of the Senator from Arizona. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Montana [Mr. BAUCUS], the Senator from Delaware [Mr. BIDEN],

the Senator Colorado [Mr. CAMPBELL], the Senator from South Dakota [Mr. DASCHLE], the Senator from Nebraska [Mr. EXON], the Senator from Ohio [Mr. GLENN], the Senator from Alabama [Mr. HEFLIN], the Senator from Hawaii [Mr. INOUE], the Senator from Massachusetts [Mr. KERRY], the Senator from Texas [Mr. KRUEGER], the Senator from West Virginia [Mr. ROCKEFELLER], and the Senator from Pennsylvania [Mr. WOFFORD], are necessarily absent.

Mr. SIMPSON. I announce that the Senator from Minnesota [Mr. DURENBERGER], the Senator from New Hampshire [Mr. GREGG], the Senator from North Carolina [Mr. HELMS], the Senator from Vermont [Mr. JEFFORDS], the Senator from Kansas [Mrs. KASSEBAUM], the Senator from Arizona [Mr. MCCAIN], the Senator from Arkansas [Mr. MURKOWSKI], the Senator from Oklahoma [Mr. NICKLES], and the Senator from Wyoming [Mr. WALLOP] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 26, nays 53, as follows:

[Rollcall Vote No. 133 Leg.]

#### YEAS—26

Bingaman	Feingold	Lieberman
Boxer	Feinstein	Metzenbaum
Brown	Harkin	Moseley-Braun
Bryan	Hatfield	Pell
Byrd	Hollings	Pryor
Conrad	Kennedy	Reid
DeConcini	Kohl	Simon
Dodd	Leahy	Wellstone
Dorgan	Levin	

#### NAYS—53

Akaka	Faircloth	Moynihan
Bennett	Ford	Murray
Bond	Gorton	Nunn
Boren	Graham	Packwood
Bradley	Gramm	Pressler
Breaux	Grassley	Riegle
Bumpers	Hatch	Robb
Burns	Johnston	Roth
Chafee	Kempthorne	Sarbanes
Coats	Kerry	Sasser
Cochran	Lautenberg	Shelby
Cohen	Lott	Simpson
Coverdell	Lugar	Smith
Craig	Mack	Specter
D'Amato	Mathews	Stevens
Danforth	McConnell	Thurmond
Dole	Mikulski	Warner
Domenici	Mitchell	

#### NOT VOTING—21

Baucus	Gregg	Krueger
Biden	Heflin	McCain
Campbell	Helms	Murkowski
Daschle	Inouye	Nickles
Durenberger	Jeffords	Rockefeller
Exon	Kassebaum	Wallop
Glenn	Kerry	Wofford

So the amendment (No. 388) was rejected.

Mr. BOREN. Mr. President, I move to reconsider the vote.

Mr. MITCHELL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

#### APPOINTMENT BY THE PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The Chair, on behalf of the President pro tempore, pursuant to Senate Resolution 111 (103d Congress, 1st session), announces the appointment of the Senator from Idaho [Mr. CRAIG] as a member of the Senate Ethics Study Commission, vice the Senator from Alaska [Mr. STEVENS].

Mr. BOREN addressed the Chair.

The PRESIDING OFFICER (Ms. MOSELEY-BRAUN). The Senator from Oklahoma.

Mr. BOREN. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BOREN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. With objection, it is so ordered.

The Senator from Oklahoma.

#### CONGRESSIONAL SPENDING LIMIT AND ELECTION REFORM ACT OF 1993

The Senate continued with the consideration of the bill.

Mr. BOREN. Madam President, during the debate yesterday or the day before—there was so much going on I cannot recall which day it was—my good friend and colleague from Virginia, Senator WARNER, raised a question on the floor with a letter to me, requesting an analysis as to the manner in which those of us who have been suggesting that we end the lobbyist tax deduction as a means for paying for the benefits to bring about campaign spending limits, arrived at those estimates.

I have the letter from Senator WARNER dated the 21st of May, in which he concludes that he feels if we could more carefully define this issue, it would be helpful to our debate on campaign finance reform.

I have gone back to those who made that estimate in the Congressional Budget Office and have obtained information from them as to the means by which they did make that estimate.

I will read just a portion of that letter which I sent to Senator WARNER in reply to him:

The House Ways and Means Committee has proposed raising roughly \$800 million over 5 years by adopting the Treasury Department's proposal to use existing definition of lobbying in the Internal Revenue Code. This definition is used for purposes of limitation on lobbying by section 501(c)(3) charities. The Senate campaign finance reform proposal raises an additional \$400 million over 5 years by using the definition of lobbying which is contained in the Levin-Cohen Lobbying Disclosure Act, which the Senate recently approved overwhelmingly.

I will skip over and read another part:



According to the Congressional Budget Office, the 5 year cost of campaign finance reform for both House and Senate elections is approximately \$360 million. Thus, both the Ways and Means Committee proposal, \$800 million over 5 years, and the Senate plan, \$1.2 billion over 5 years, would raise enough to pay for campaign finance reform, with the Senate plan also contributing to significant deficit reduction.

I understand that under current disclosure laws, about 6,000 lobbyists are registered. The Senate Governmental Affairs Committee estimates that number will go up to between 20,000 and 30,000 lobbyists under the Levin-Cohen bill.

Madam, President, I ask unanimous consent that the full text of the letter from Senator WARNER to me, my letter to him answering his questions and also a copy of the text of the House proposal and a copy of the Levin lobbying disclosure bill be printed in the RECORD so that the RECORD may be full and complete on this subject.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,

Washington, DC, May 27, 1993.

U.S. Senator JOHN WARNER,  
Senate Russell Office Building, Washington, DC.

DEAR JOHN: This letter is in response to your note dated May 21 requesting follow up information from my testimony before the Senate Committee on Rules and Administration regarding the President's campaign finance reform legislation. I agree with you that a clearer definition of this issue can only strengthen debate.

The House Ways and Means Committee has proposed raising roughly \$800 million over 5 years by adopting the Treasury Department's proposal to use the existing definition of lobbying in the Internal Revenue Code. This definition is used for purposes of the limitation on lobbying by 501(c)(3) charities. The Senate campaign finance reform proposal raises an additional \$400 million over 5 years by using the definition of lobbying that is contained in the Levin-Cohen Lobbying Disclosure Act which the Senate recently approved overwhelmingly.

The Senate's approach is much simpler for businesses because it will subject them to identical rules for both tax purposes and for purposes of reporting under the Levin-Cohen bill. In other words, business expenses which were formerly deducted but which fall under the definition of lobbying in the Levin bill would no longer be deductible. Under the House legislation, businesses will have to follow two different definitions of lobbying—one for tax purposes and one for reporting purposes.

According to the Congressional Budget Office, the 5 year cost of campaign finance reform for both House and Senate elections is approximately \$360 million. Thus, both the Ways and Means Committee proposal (\$800 million/5 years) and the Senate plan (\$1.2 billion/5 years) would raise enough to pay for campaign finance reform, with the Senate plan also contributing to significant deficit reduction.

I understand that, under current disclosure laws, about 6,000 lobbyists are registered. Senate Government Affairs estimates that number will go up to 20,000 to 30,000 lobbyists under the Levin-Cohen bill.

I hope this response adequately addresses your questions. For your information, I have

attached both a copy of the House Ways and Means proposal and the Levin/Cohen bill's lobbying definition section.

Sincerely,

DAVID L. BOREN.

U.S. SENATE,

Washington, DC, May 27, 1993.

Hon. DAVID L. BOREN,  
U.S. Senate, Washington, DC.

DEAR DAVID: I am writing as a follow up to the questions I asked of you when you testified before the Senate Committee on Rules and Administration regarding President Clinton's campaign finance reform proposal.

President Clinton's proposal contains a Sense of Congress clause relating to the planned funding mechanism for the legislation. It states "It is the sense of the Congress that subsequent legislation effectuating this Act shall not provide for general revenue increases, reduce expenditures for any existing Federal program, or increase the Federal budget deficit, but should be funded by disallowing the Federal income tax deduction for expenses paid or incurred for lobbying the Federal Government".

There have been various figures given as the estimated amount of new revenue that would result from a change in the tax law regarding lobbyists deductions. I am extremely interested in knowing how those figures were reached. Were they based on the number of lobbyists currently employed or on the actual amount of deductions for lobbying activity taken on tax forms? It is my understanding that there is no "lobbying deduction" line on tax forms. How are lobbyists defined? Are only registered lobbyists covered?

If we can more carefully define this issue, I am confident it will be most helpful in our debate on campaign finance reform. I thank you in advance for your prompt consideration of this request.

Sincerely,

JOHN WARNER.

LEVIN BILL

(E) any employee of a joint committee of the Congress, other than a clerical or secretarial employee.

(5) The term "Director" means the Director of the Office of Lobbying Registration and Public Disclosure.

(6) The term "employee" means any individual who is an officer, employee, partner, director, or proprietor of an organization, but does not include—

(A) independent contractors or other agents who are not regular employees; or

(B) volunteers who receive no financial or other compensation from the organization for their services.

(7) The term "foreign entity" means—

(A) a government of a foreign country or a foreign political party (as such terms are defined in section 1 (e) and (f) of the Foreign Agents Registration Act of 1938, as amended (22 U.S.C. 611 (e) and (f)));

(B) a person outside the United States, other than a United States citizen or an organization that is organized under the laws of the United States or any State and has its principal place of business in the United States; or

(C) a partnership, association, corporation, organization, or other combination of persons that is organized under the laws of or has its principal place of business in a foreign country.

(8) The term "lobbying activities" means lobbying contacts and efforts in support of such contacts, including preparation and

planning activities, research and other background work that is intended for use in contacts, and coordination with the lobbying activities of others. Lobbying activities include grass roots lobbying communications (as defined in regulations implementing section 4911(c)(3) of the Internal Revenue Code of 1986) to the extent that such activities are made in direct support of lobbying contacts,

(9)(A) The term "lobbying contact" means any oral or written communication with a covered legislative or executive branch official made on behalf of a client with regard to—

(i) the formulation, modification, or adoption of Federal legislation (including legislative proposals);

(ii) the formulation, modification, or adoption of a Federal rule, regulation, Executive order, or any other program, policy or position of the United States Government; or

(iii) the administration or execution of a Federal program or policy (including the negotiation, award, or administration of a Federal contract, grant, loan, permit, or license) except that it does not include communications that are made to officials serving in the Senior Executive Service or the uniformed services in the agency responsible for taking such action.

(B) The term shall not include communications that are—

(i) made by public officials acting in their official capacity;

(ii) made by representatives of a media organization who are primarily engaged in gathering and disseminating news and information to the public;

(iii) made in a speech, article or other publication, or through the media;

(iv) made on behalf of a foreign principal and disclosed under the Foreign Agents Registration Act of 1938, as amended (22 U.S.C. 611 et seq.);

(v) requests for appointments, requests for the status of a Federal action, or other similar ministerial contacts, if there is no attempt to influence covered legislative or executive branch officials;

(vi) made in the course of participation in an advisory committee subject to the Federal Advisory Committee Act;

(vii) testimony given before a committee, subcommittee, or office of Congress, or submitted for inclusion in the public record of a hearing conducted by such committee, subcommittee, or office;

(viii) information provided in writing in response to a specific written request from a Federal agency or a congressional committee, subcommittee, or office;

(ix) required by subpoena, civil investigative demand, or otherwise compelled by statute, regulation, or other action of Congress or a Federal agency;

(x) made in response to a notice in the Federal Register, Commerce Business Daily, or other similar publication soliciting communications from the public and directed to the agency official specifically designated in the notice to receive such communications;

(xi) not possible to report without disclosing information, the unauthorized disclosure of which is prohibited by law;

(xii) made to agency officials with regard to judicial proceedings, criminal or civil law enforcement inquiries, investigations or proceedings, or filings required by statute or regulation;

(xiii) made in compliance with written agency procedures regarding an adjudication conducted by the agency under section 554 of title 5, United States Code, or substantially similar provisions;

(xiv) written comments filed in a public docket and other communications that are made on the record in a public proceeding; and

(xv) made on behalf of an individual with regard to such individual's benefits, employment, other personal matters involving only that individual, or disclosures by that individual pursuant to applicable whistleblower statutes.

(10) The term "lobbyist" means any individual who is employed or retained by another for financial or other compensation to perform services that include lobbying contacts, other than an individual whose lobbying activities are only incidental to, and are not a significant part of, the services provided by such individual to the client.

(11) The term "organization" means any corporation (excluding a Government corporation), company, foundation, association, labor organization, firm, partnership, society, joint stock company, or group of organizations. Such term shall not include any Federal, State, or local unit of government (other than a State college or university as described under section 511(a)(2)(B) of the Internal Revenue Code of 1986), organization of State or local elected or appointed officials, any Indian tribe, any national or State political party and any organizational unit thereof, or any Federal, State, or local unit of any foreign government.

(12) The term "public official" means any elected or appointed official who is a regular employee of a Federal, State, or local unit of government (other than a State college or university as described under section 511(a)(2)(B) of the Internal Revenue Code of 1986), an organization of State or local elected or appointed officials, an Indian tribe, \* \* \*

#### HOUSE PROPOSAL

(3) Paragraphs (1) and (2) of section 1145(e) are each amended by striking "34 percent" and inserting "36 percent".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning on or after January 1, 1993; except that the amendment made by subsection (c)(3) shall take effect on the date of the enactment of this Act.

#### SEC. 2202. DENIAL OF DEDUCTION FOR LOBBYING EXPENSES.

(a) DISALLOWANCE OF DEDUCTION.—Section 162(e) (relating to appearances, etc., with respect to legislation) is amended to read as follows:

"(e) DENIAL OF DEDUCTION FOR CERTAIN LOBBYING AND POLITICAL EXPENDITURES.—

"(1) IN GENERAL.—No deduction shall be allowed under subsection (a) for any amount paid or incurred—

"(A) in connection with influencing legislation,

"(B) for participation in, or intervention in, any political campaign on behalf of (or in opposition to) any candidate for public office, or

"(C) in connection with any attempt to influence the general public, or segments thereof, with respect to elections.

"(2) APPLICATION TO DUES.—

"(A) IN GENERAL.—No deduction shall be allowed under subsection (a) for the portion of dues or other similar amounts (paid by the taxpayer with respect to an organization) which is allocable to the expenditures described in paragraph (1).

"(B) ALLOCATION.—

"(i) IN GENERAL.—For purposes of subparagraph (A), expenditures described in paragraph (1) shall be treated as paid out of dues or other similar amounts.

"(ii) CARRYOVER OF LOBBYING EXPENDITURES IN EXCESS OF DUES.—For purposes of this paragraph, if expenditures described in paragraph (1) exceed the dues or other similar amounts for any calendar year, such excess shall be treated as expenditures described in paragraph (1) which are paid or incurred by the organization during the following calendar year.

"(3) INFLUENCING LEGISLATION.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'influencing legislation' means—

"(i) any attempt to influence the general public, or segments thereof, with respect to legislation, and

"(ii) any attempt to influence any legislation through communication with any member or employee of the legislative body, or with any government official or employee who may participate in the formulation of the legislation.

"(B) EXCEPTION FOR CERTAIN TECHNICAL ADVICE.—The term 'influencing legislation' shall not include the providing of technical advice or assistance to a governmental body or to a committee or other subdivision thereof in response to a specific written request by such governmental entity to the taxpayer which specifies the nature of the advice or assistance requested.

"(C) LEGISLATION.—The term 'legislation' has the meaning given such term by section 4911(e)(2).

"(4) EXCEPTION FOR CERTAIN TAXPAYERS.—In the case of any taxpayer engaged in the trade or business of conducting activities described in paragraph (1), paragraph (1) shall not apply to expenditures of the taxpayer in conducting such activities on behalf of another person (but shall apply to payments by such other person to the taxpayer for conducting such activities).

"(5) CROSS REFERENCE.—

"For reporting requirements related to this subsection, see section 60500."

(b) REPORTING REQUIREMENTS.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 (relating to information concerning transactions with other persons) is amended by adding at the end the following new section:

#### "SEC. 60500. RETURNS RELATING TO LOBBYING EXPENDITURES OF CERTAIN ORGANIZATIONS.

"(a) REQUIREMENT OF REPORTING.—Each organization referred to in section 162(e)(2) shall make a return, according to the forms or regulations prescribed by the Secretary, setting forth the names and addresses of persons paying dues to the organization, the amount of the dues paid by such person, and the portion of such dues which is nondeductible under section 162(e)(2).

"(b) STATEMENTS TO BE FURNISHED TO PERSONS WITH RESPECT TO WHOM INFORMATION IS FURNISHED.—Any organization required to make a return under subsection (a) shall furnish to each person whose name is required to be set forth in such return a written statement showing—

"(1) the name and address of the organization, and

"(2) the dues paid by the person during the calendar year and the portion of such dues which is nondeductible under section 162(e)(2).

The written statement required under the preceding sentence shall be furnished (either in person or in a statement mailing by first-class mail which includes adequate notice that the statement is enclosed) to the persons on or before January 31 of the year following the calendar year for which the re-

turn under subsection (a) was made and shall be in such form as the Secretary may prescribe by regulations.

"(c) WAIVER.—The Secretary may waive the reporting requirements of this section with respect to any organization or class of organizations if the Secretary determines that such reporting is not necessary to carry out the purposes of section 162(e).

"(d) DUES.—For purposes of this section, the term 'dues' includes other similar amounts."

(2) PENALTIES.—

(A) RETURNS.—Subparagraph (A) of section 6724(d)(1) (defining information return) is amended by striking "or" at the end of clause (xi), by striking the period at the end of the clause (xii) relating to section 4101(d) and inserting a comma, by redesignating the clause (xii) relating to section 338(h)(10) as clause (xiii), by striking the period at the end of clause (xiii) (as so redesignated) and inserting ", or", and by adding at the end the following new clause:

"(xiv) section 60500(a) (relating to information on nondeductible lobbying expenditures)."

(B) PAYEE STATEMENTS.—Paragraph (2) of section 6724(d) (defining payee statement) is amended by striking "or" at the end of subparagraph (R), by striking the period at the end of subparagraph (S) and inserting ", or", and by adding at the end the following new subparagraph:

"(T) section 60500(b) (relating to returns on nondeductible lobbying expenditures)."

(C) EXCESSIVE UNDERREPORTING.—Section 6721 (relating to failure to file correct information returns) is amended by adding at the end the following new subsection:

"(f) PENALTY IN CASE OF EXCESSIVE UNDERREPORTING ON NONDEDUCTIBLE DUES.—If the aggregate amount of nondeductible dues which is reported on the return required to be filed under section 60500(a) for any calendar year is less than 75 percent of the aggregate amount required to be so reported—

"(1) subsections (b), (c), and (d) shall not apply, and

"(2) the penalty imposed under subsection (a) shall be equal to the product of—

"(A) the amount required to be reported which was not so reported, and

"(B) the highest rate of tax imposed by section 11 for taxable years beginning in such calendar year."

(3) CONFORMING AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by adding at the end the following new item:

"Sec. 60500. Returns relating to lobbying expenditures of certain organizations."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after December 31, 1993.

#### SEC. 2203. MARK TO MARKET ACCOUNTING METHOD FOR SECURITIES DEALERS.

(a) GENERAL RULE.—Subpart D of part II of subchapter E of chapter 1 (relating to inventories) is amended by adding at the end thereof the following new section:

#### "SEC. 475. MARK TO MARKET ACCOUNTING METHOD FOR DEALERS IN SECURITIES.

"(a) GENERAL RULE.—Notwithstanding any other provision of this subpart, the following rules shall apply to securities held by a dealer in securities:

"(1) Any security which is inventory in the hands of the dealer shall be included in inventory at its fair market value.

"(2) In the case of any security which is not inventory in the hands of the dealer and



which is held at the close of any taxable year—

“(A) the dealer shall recognize gain or loss as if such security were sold for its fair market \* \* \*.”

Mr. BOREN. I yield the floor.

Mr. KENNEDY. Madam President, I strongly support the leadership proposal for campaign finance reform. Passage of this legislation is essential to achieving the far-reaching changes that are urgently needed in our current system of campaign financing.

This legislation is the culmination of years of hard work and it deserves wide support. Every effort has been made to address concerns raised by Members on both sides of the aisle. No Senator will agree with every provision in this bill. All Senators may have additions or changes that they believe will make this a better piece of legislation. But all of us know that it is time to move forward and reform the campaign financing system.

The American people have waited long enough for Congress to act on this issue. They are fed up with the gridlock that has blocked every campaign finance reform bill in recent years. They are fed up with the present system and its excessive reliance on unlimited contributions that make conflict of interest a way of life in Congress. They are fed up with campaigns driven by the high cost of television commercials. They are fed up with Members of Congress who spend time raising money from special interests, instead of tending to the public interest.

In all of these ways, the constant hunt for campaign dollars demeans our elections, distorts our legislation, and diminishes our democracy. As Mark Twain said, in words that are still true—perhaps even truer today—“We have the finest Congress money can buy—and it is a national disgrace.”

The American people elected a President last November who understands the need for reform and is committed to achieving it. Unlike his predecessors, President Clinton supports far-reaching reform, and he continues to push hard for the most extensive possible changes in the campaign finance laws.

For the first time in 12 years, we know that if we can get this bill to the White House, it will be signed into law. It is up to Congress to act, and act now. It is time to end the hypocrisy. It is time for Members who pay lip service to reform, to put their votes where their rhetoric is, and end this pious pretense that if they don't get their way, no bill should pass. This bill is far better than no bill, and all of us know it.

There are three key elements of this bill: Spending limits, a ban on PAC contributions, and limited public financing for Senate and House elections. Each element of this reform program deserves support.

Spending limits are the cornerstone of any attempt to achieve meaningful campaign finance reform. The amount of money spent on congressional campaigns is now six times greater than in 1976; \$678 million was spent on congressional campaigns in 1992. Only spending limits can stop the arms race in campaign spending.

Spending limits will also free Senators from the corrosive and corrupting influence of the current system. The people want, and deserve, responsible action by Congress on the many pressing challenges facing the Nation. They do not want us endlessly and shamelessly soliciting large campaign contributions from those whose interests are affected by the votes we cast. Spending limits can end the corruption and the appearance of corruption that shadow everything we do and every vote we cast.

Any campaign finance reform worth its salt must include spending limits. Without spending limits, we will simply be inviting a continuation of the corruption and abuses ingrained in the present system. Without spending limits, election reform is a sham, and elections will still be for sale to the highest bidder.

But if we are serious about ending the arms race in campaign financing, spending limits alone are not enough. We also need to end the influence of special interests on the electoral process. This bill will eliminate the massive flow of PAC contributions that have come to dominate Senate election campaigns in recent years. PAC contributions have soared from \$12.5 million in 1974 to \$180 million in 1992. These contributions usually come in \$5,000 amounts, and they are a primary factor in the uncontrolled cost of campaign spending.

The elimination of PAC contributions is a major step toward restoring public confidence in political campaigns. A complete ban on PAC contributions will reassure the people that we are serious about reform. And it will help level the playing field for challengers, who receive only a small share of the total PAC contributions made in each election campaign.

This bill makes spending limits and the PAC ban more attractive to incumbents and challengers alike by offering low-cost mail rates, reduced television advertising rates, broadcast vouchers, and other incentives.

Public financing of elections makes sense. These tax dollars are untainted by conflicts of interest. They come with no strings tied to private contributors seeking favors from Government. It may be the wisest investment of tax dollars that any of us will ever make.

My support for public financing of Senate and House elections is longstanding. I was a strong supporter of Senator Russell Long's pioneering legislation in 1966, which adopted the dol-

lar checkoff for Presidential elections. The Senate version of the Watergate Reform Act in 1974 included a bipartisan provision that I had sponsored in 1973 with the Republican minority leader, Senator Hugh Scott of Pennsylvania, to apply public financing to Senate and House elections as well.

Unfortunately, the House-Senate conference bill that year limited public financing to Presidential elections and rejected the idea for congressional elections. But the principle of public financing has worked well for Presidential elections for the past two decades, and it will work well for Senate and House elections if we give it a chance.

In fact, Members of Congress, from both parties, who have run for President have taken advantage of public funds during their own Presidential campaigns. If public financing is good enough for the Presidential elections, if it is good enough for Members of Congress who run for President, it is good enough for Senate and House elections, too.

So I welcome the public financing provisions in this legislation, and I wish they went further. But the measure before us is still an excellent reform. It offers us a realistic way to break the dependency of Congress on fat cats and special interest groups for campaign dollars. In fact, this measure will enable us to spend far less time raising money and far more time on concerns that matter to the people. It will ensure that elections are about issues and priorities, and not about collecting campaign cash.

All 100 Senators recognize that the current campaign finance law is deeply flawed. No one wants to spend vast amounts of time on the money chase, raising millions of dollars to get re-elected in ways that inevitably raise suspicions that elections are for sale. It is time to change the system, step off the fundraising treadmill, and eliminate special interest influence.

It is absurd to call these reforms an incumbent protection bill. In all likelihood, challengers will benefit more than incumbents from this new system of campaign funding. It offers a more level playing field for all participants in Senate and House elections.

This bill is not a perfect bill. All Senators can find some faults with its provisions or its omissions. But this reform is a realistic far-reaching attempt to improve the campaign finance system, and it deserves broad support from Democrats and Republicans. It is the best hope we have to restore public confidence in the political process.

It is time to take our elections off the auction block. It is time to take our campaigns away from the special interests and give them back to the people. It is time to reaffirm our commitment to democracy.

So let us debate the merits of this bill. But at the end of that debate, let

us put this legislation to a vote, not kill it with a filibuster.

The American people deserve more than another round of inaction and gridlock. They deserve a Congress with the courage to change.

Finally, I want to commend three Senators who have done such an outstanding job in preparing this legislation and bringing it before the Senate. Majority leader MITCHELL, and Senators BOREN and FORD, deserve great credit for their achievement. This bill deserves to pass, and I hope that it will. The Nation needs it, and it will pay long-lasting dividends for the American people in the form of a Congress more responsive to their needs.

The PRESIDING OFFICER. The majority leader.

#### ORDER OF PROCEDURE

Mr. MITCHELL. Madam President, with the managers and the distinguished Republican leader on the floor, I would like, if I might, suggest a course of action with respect to today and further handling of this measure when the Senate returns from the Memorial Day recess.

I previously indicated my desire—my hope really—that we could dispose of the DeConcini amendment and two amendments to be offered by the distinguished Senator from Florida [Mr. GRAHAM].

In an effort to accommodate the travel schedules of a number of Senators, I now suggest the following and see whether or not it would be agreeable to the Republican leader, the Senator from Florida and the managers.

I suggest that we discontinue action on the measure as of now; that when the Senate returns to session on Monday, June 7, that we consider the Graham measures on that afternoon, and vote on them not prior to 6 p.m. on that day to give returning Senators a chance to get back. If there is a possibility of doing any other amendments on that day, if other Senators are going to be present to do that as well, but at least the two Graham amendments, and then be back, after we have everybody back here, working on the bill as of that Monday.

That will permit Senators who have a travel schedule to leave this afternoon, and it would mean there would be no votes prior to 6 p.m. on Monday, June 7.

I would like to inquire of the Republican leader, the Senator from Florida, and of the two managers whether that would be agreeable to them.

Mr. DOLE. I am informed by the manager on this side that that would be satisfactory.

Mr. MITCHELL. I ask the Senator from Florida.

Mr. GRAHAM. That schedule would be very satisfactory.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. If the majority leader will yield, I wonder if the distinguished

majority leader could make that vote no earlier than 7 p.m. This Senator already has plans. That is the first day after the recess. I can modify my plans to be here by 7 p.m., if that is acceptable.

Mr. MITCHELL. Madam President, I will be pleased to try to accommodate the Senator. When we confront this problem, as always, we have some Senators who want to leave on Monday by a certain time, and some Senators who will not be arriving until a certain time. I have previously attempted very hard to accommodate every Senator.

I will say now that I believe it is not going to be possible to continue the current schedule into the future, and I will in the near future, later today, announce a different schedule for the Senate in the future. I have not made any announcement with respect to Monday, June 7. I guess before I make a decision, I should hear from other Senators.

Mr. LAUTENBERG. If the majority leader will yield for a question. Frankly, I am one of those who prefer to finish up whatever we can today. I think the majority leader was very clear in his announcements that there could very well be votes on this day. And those who chose to ignore that, I think, are the ones who ran the risk, as opposed to suddenly now looking at what is perhaps a little presumptive but nevertheless a schedule that most believe in; and that is a Monday after an extended stay like that is a day one uses to travel back and, as a consequence, are not prepared, because of extensive other plans, to be back here on that Monday.

I planned to be here before midnight on Monday so we can conduct our business, as usual, on Tuesday. Again, I do not want to impose excessive burdens on my colleagues and friends here, but I think the majority leader was very specific about what the risk might be with votes today.

Mr. MITCHELL. Madam President, this obviously makes the point that it is impossible to satisfy anybody around here, so I will make the following suggestion and then I am going to make a statement.

I now suggest that we debate these on Monday and we vote on them at 9 o'clock on Tuesday morning. Is that agreeable to everybody present?

Madam President, I then ask unanimous consent that when the Senate returns to session on Monday, June 7, that the Senator from Florida [Mr. GRAHAM] be recognized to offer two amendments which will be debated that day, and the votes on or in relation to them, occur at 9 a.m. on Tuesday morning.

I would like, if I might, to perhaps modify that and ask the Senator from Florida, would the Senator from Florida prefer to offer the amendments today, have debate today, and then

vote on Tuesday, or would he prefer to do it on Monday, June 7? He has been so cooperative.

Mr. GRAHAM. My preference would be to offer them on Monday, June 7. I would like, if possible, to reserve maybe 10 or 15 minutes, before the vote at 9 a.m., on Tuesday for final discussion of the amendments prior to the vote.

Mr. MITCHELL. Madam President, what we will do then is to have the debate Monday afternoon, and then have the debate from 9 a.m. to 9:30 a.m., and have the votes at 9:30 a.m. on Tuesday. I so modify my request.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MITCHELL. I would like to say something, and this serves as the appropriate time to do it. I will be consulting with the distinguished Republican leader, as is always my practice.

As I stated on several occasions, it has gotten to the point where Senators simply leave, make presumptions, make assumptions and, therefore, I do not believe it possible to continue the schedule as we have had it.

It is my intention to change the schedule so that, henceforth, votes will be possible at any time the Senate is in session. There are no assumptions, no presumptions. Nobody can assume anything with respect to when votes may occur. And votes, including procedural votes, may occur at any time. So whenever the Senate is in session, unless there is going to be a specific announcement or agreement to the contrary, Senators should be prepared to be present within 20 minutes for a vote.

So those Senators who do not want to vote at this hour, do not want to vote at that hour, do not want to vote on this day, or do not want to vote on that day, just everybody should understand, whenever the Senate is in session, they have to be prepared to vote.

There is no more 3 o'clock limitation on Friday. There is no more 7 o'clock limitation on Tuesdays and Wednesdays. There are no more Monday limitations. Unless I specifically make an announcement to the contrary, Senators should assume that the Senate will be in session and that votes can occur on any subject, including procedural votes, at any time the Senate is in session.

Having said that, Madam President, there will be no further rollcall votes today, and there will be no rollcall votes prior to 9:30 a.m. on Tuesday, June 8.

Mr. PRYOR addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. PRYOR. Madam President, I would like to offer my strong support to the position just taken by our majority leader. I think what is happening these days is that we find ourselves going back into some of our old prac-



tices. The majority leader and the minority leader have allowed us to experiment for the last 2 or 3 years with a program of business whereby we generally work 3 weeks here and then are afforded the opportunity of having a week with our constituency back in our home States.

From time to time, when we come back and resume business on a Monday, as we have seen here, some of our colleagues ask for a period where they are protected. And so what we are doing is extending now the 7-day recess to an 8-day recess.

And then our colleagues, Madam President, before we go back home on these visits with our constituencies, for our town meetings and in an attempt to stay in touch, the day before we break, then our colleagues often-times come to the leadership and say that they have a lot of things scheduled. They would like to get out a day early. So our colleagues keep wanting to add a day or two or what-have-you to this time back home in our States.

I think we ought to be very specific, and I think we ought to support our leadership in the Senate. I think all of us should know we are on notice—when the schedule is printed and given to all of us at the beginning of the year on a Senate calendar, that we should be on notice at that time that the schedule is set.

I strongly support what the leader has just stated, and I hope our colleagues will be tolerant with our leadership and allow them to set these dates and for us not to inch up and inch away and through erosion take away from the spirit and the intent of what the custom and the rules of the Senate are.

Madam President, I yield the floor.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Madam President, I appreciate what the distinguished Senator from Arkansas has said and what the distinguished majority leader said.

Speaking for myself, I find it entirely acceptable. I am prepared to debate on this floor, available to vote any time. I think once in the course of the past 5 years I have asked for an exception from the majority leader under very unusual circumstances. I had commitments last night in Philadelphia. I took a late train and missed a couple of votes. I heard that we were likely to vote this morning and came back with the expectation of working into the afternoon and voting some three times.

In making plans on June 7, the first day back after the recess, it has been my experience, after 12½ years, that we very, very infrequently vote, if at all. I think it is a safe proposition to plan to return on the Monday after a recess by late afternoon or early evening—in the 7 o'clock range.

But I am prepared to make my schedule to be here Monday through Friday

or Monday through Saturday or Monday through Sunday, as long as we know what is happening.

I came to the floor last night at about a quarter of 8. One Senator was on the floor speaking about another subject. One of the managers was not on the floor and one of the managers was on the floor talking to someone else and looked at this Senator as if we were not in a position to do much business on campaign finance reform. I had pressing business in Philadelphia, and I caught a late train and returned early this morning. I am a little surprised to find only one vote. But I can accommodate to that. I think all Senators can as long as we know, and I repeat "know," what the schedule is. We are all prepared to abide by whatever schedule the distinguished majority leader sets.

I thank the Chair and yield the floor. The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Madam President, if there is no other business, I would ask unanimous consent that the Senate revert to morning business and that I be allowed to speak therein.

The PRESIDING OFFICER. Is there objection? There being no objection, it is so ordered.

Mr. GRAHAM. I thank the Chair.

#### PASSING OF DEMOCRACY IN HAITI

Mr. GRAHAM. Madam President, I wanted to make these remarks this morning because, by the time we return, we will have celebrated the 20th month after the successful military coup in Haiti dislodged its first democratically elected President in modern history. It will be a sad celebration of that 20th month passing of democracy in Haiti, and it should be another call to arms for the democratic nations of the world, with the United States in the leadership, to restore that democracy.

Unfortunately, Madam President, today we are no closer to the restoration of democracy in Haiti than we were on that day in September 1991 when President Aristide was hustled off by a military cabal to the Port-au-Prince Airport at gunpoint. From that point to today, he has been a leader in exile.

We have attempted now for over 19 months to negotiate his return and the restoration of democracy and the rebuilding of that nation. We have very little to show for those efforts. We continue to see human rights violations. We continue to see drug trafficking at increasing levels. We continue to see a veritable free-fall of already the poorest economy in the Western Hemisphere.

We see over 1,000 boats poised, ready for a mass exodus from Haiti, restrained only by the hope of President Aristide's return and a massive United States Coast Guard interdiction effort.

Madam President, the military-backed regime in Port-au-Prince has no incentive to negotiate. The latest negotiation breakdown is just the latest example in a whole series, I would say a choreographed minuet in which the military presents a sufficient degree of interest in negotiation to keep them limping along but at the last moment, when an actual agreement is to be reached, they retreat. There is very little incentive by those who currently control Haiti to negotiate themselves into exile, into poverty, into prison, and thus soon to celebrate the 20th month which see that negotiations have been unrewarding.

The de facto government privately asked for an outside police security force with the expectation that outside international security force would serve to stabilize the country during the period of transition back to democracy. After having given the impression to the world that that was an acceptable process, then last weekend it was rejected.

The military needs to know that by refusing to seriously negotiate there will be serious consequences.

What are some of the things that the United States and our democratic allies should do?

First, we must target the coup leaders, the coup leaders in the military and among the economic elites of Haiti, seizing their assets in the United States and other democratic nations, restricting visas. We need to make life as miserable for them as they have made it for the vast majority of the citizens of Haiti.

We must convince our allies to embargo all but humanitarian aid and particularly to embargo petroleum, the product that has the greatest capability of bringing down the current regime. If we successfully cut petroleum, we have some chance through this economic restriction of accomplishing our objective of restoration of democracy. We must, in my opinion, Madam President, set a date for President Aristide's return.

I had suggested on this floor several weeks ago that we set the date of May 31. That was not a casually arrived at date. It was a date which still would have allowed for 60 days of negotiation if there was a serious attempt to reach an agreement. It was a date which happens to be 1 month before the onset of the hurricane season. It is my concern, feeling, that one of the factors which is likely to affect the potential of an exodus from Haiti is the sense the people are having today that their chance of escape, their chance to leave the cage of political and economic oppression which Haiti has become is soon going to be lost to them with the onset of the hurricane season, and that we now are in the most vulnerable period, a period of greatest instability, and that we should have set and should have ac-

completed the objective of a return to President Aristide by May 31.

That date was not set. Clearly that date will not be achieved. I think it is important that we set another reasonable date, the 30th of June, for the return of President Aristide.

There must be some motivating force to get the current stalemate moving toward a resolution. We must be prepared, Madam President, in my opinion, to use the threat and the reality of military force in order to achieve our goals. I do not advocate that this be done unilaterally by the United States. It should be done in conjunction with our democratic allies who, I might suggest, have been, unlike our European allies, much more forthcoming in their indication and willingness to participate in this hemispheric assault on human rights.

We must also do it in conjunction with the United Nations, in terms of having a clearly tenable/identifiable peacekeeping capability ready to move in as soon as the situation has been stabilized and there is a functioning government in place in Port-au-Prince. The U.N. peacekeeping forces would be available to assure that a level of security and stability was available for those institutions to deepen. Diplomacy without this credible use of force has proven to be next to useless in Haiti, as apparently it is in Bosnia.

We are seeing some other examples of this 20-month assault on democracy in our hemisphere. Just this week, in Guatemala, on the heels of the attempt in Venezuela, we have seen a democracy which is not under threat of a military takeover. The Guatemala military saw what happened in Haiti. They saw it as a signal that all of the statements of the Organization of American States as to the protection of democracies in the hemisphere would not be sustained by serious action and initiative. They saw that as a signal that the old days were acceptable again, and they have moved.

I believe it is important to the long-term future of democracy in this hemisphere that the United States now—and aggressively—use all the means at our command within the international community to achieve the goal of restoration of democracy in Haiti, the reestablishment of President Aristide, and the beginning of a rebuilding of democratic and economic institutions.

The lesson of Haiti also teaches us, I believe, some longer-range lessons. One of those is the need to establish on a permanent and sustained basis a regional peacekeeping force to protect democratic governments in this hemisphere.

The failure to have such a sustained regional peacekeeping force in any place around the world has resulted in the United States being called upon to provide the core of response to virtually all of the world's problems. It is

very much in our interest that we have an alternative in Europe, in Africa, in Asia, and elsewhere, of regional democracies which will take the front line of responsibility for the protection of democracy within those continents.

I believe, therefore, that it is our special responsibility to provide leadership to create that sustained regional capacity within the Western Hemisphere, the part of the world for which we have a special role and responsibility. We cannot be the hemisphere's policeman, but we can be the organizer of an effective peacekeeping force within this region in order to safeguard democracy.

Madam President, it is a sad additional chapter in the long history of Haiti that the world has stepped aside and allowed, for 20 months, the brutal oppression to occur to a people who had, just a few weeks earlier, celebrated the euphoria of the first elected democratic President in its modern history.

I hope that we will not allow this period to continue; that we will not allow ourselves to continue to be deceived by the rulers of Haiti through their false calls for a negotiated settlement. We need, as we approach the 20-month anniversary of this coup, to be prepared to take stronger action in order to achieve an extremely important objective for democracy in the Western Hemisphere and in the world.

Thank you, Madam President.

I ask unanimous consent that an editorial which appeared in the Washington Post of May 26, entitled "Tightening the Screw on Haiti," appear in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, May 26, 1993]

#### TIGHTENING THE SCREW ON HAITI

An international police force was to be the dual-purpose lever by which the Organization of American States and the United Nations would pry the military out of power in Haiti and put the exiled elected government back in. A lightly armed force of 500 to 1,000 members, along with the 130 human rights observers already in place, was intended to reassure soldiers that they would not be punished for offenses against the people and to reassure a returning President Jean-Bertrand Aristide that he and his followers would not be pursued by the army. In the ever-calm space that might thereby be gained, further steps toward a political transition were envisaged. President Aristide was sour on the idea, and now the military command has flatly turned it down.

Twenty months after the coup that ousted the populist priest, the military and its partners in the civilian elite apparently have concluded they can disregard their international critics even as they kill, jail and exile their domestic ones. They expect to ride out the incomplete economic and diplomatic isolation the hemisphere has visited on them. Neither the United States nor the other concerned countries and international organizations have succeeded in negotiating the return of the elected government. Presi-

dent Clinton's policies turn out to be no more effective in this task than those of his predecessor.

An international police force remains a good idea, but something more severe is needed to make it a reality. General sanctions turn out to punish most the large and desperate Haitian underclass, which may yet be asked to carry even more of the burden if the country's oil imports are targeted; in any event, emergency food and relief, of which the United States is the chief provider, must be increased. The next appropriate turn of the screw is special sanctions aimed at the assets, including bank accounts, and visa privileges of the few who are making the many of Haiti miserable. One wonders why these things were not done before in order to make a path to democracy in a country that has seen sadly little of it.

For the OAS, Haiti has come to be a test case of its pledge to make the the preservation of democracy in its member states its prime explicit mission. The failure of the OAS so far in Haiti has generated a profound crisis in the hemispheric organization. It is a crisis freshly aggravated by events in Guatemala, where a civilian president, under military pressure, yesterday suspended the constitution and dissolved the congress. The OAS foreign ministers are to meet June 6 in Managua in what is shaping up as pivotal moment for democracy in the post-Cold War Americas.

#### MORNING BUSINESS

Mr. GRAHAM. Madam President, I now ask unanimous consent that there be a period for morning business, with Senators permitted to speak therein for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

#### THE PRESIDENT'S RECONCILIATION PROPOSAL

Mr. SPECTER. I thank the Chair.

Madam President, this morning at 11:37, we are within a very brief period of time since passage by the House of Representatives, by a very narrow vote, of the President's reconciliation proposal, which encompasses some very major changes in the projected economic future of this country.

It had been my hope at this time to have been in Philadelphia, to have been with President Clinton and other Members of the Pennsylvania delegation, and perhaps the New Jersey and Delaware delegations, scheduled to meet with President Clinton at 11:30 this morning in anticipation of a program in the Philadelphia City Hall courtyard, where the President is going to address the Nation and the world at 12 o'clock.

It is with regret that I could not be there. But I thought it more important to be on the floor to participate in the debate on the campaign finance reform.

I do not want to take a moment or two now to make some comments



about the action of the House of Representatives last night, and the future of that important legislation as it will be coming to the Senate when we return after the Memorial Day recess.

The feelings and concerns of the American people is always critical. The Members of both the House and the Senate will be talking to our constituents in substantial measure during the intervening recess.

My sense at the moment, Madam President—both in terms of what I have heard in my travels to my State and in other parts of this country, and from the very large volume of mail coming into my office—is that the people of Pennsylvania and the people of America are opposed to what the President has suggested and what the House has passed.

I believe the cornerstone of the problem is the failure of President Clinton's budget to have sufficient cuts in Federal spending. You hear a great many figures as to what the proportion of cuts is to tax increases. Some range as high as 5 to 1. The Congressional Budget Office suggests that it is about \$2.74 of new taxes to \$1.72 in cuts.

But I believe that it is plain that there are insufficient cuts in what President Clinton has proposed to be real and satisfactory to the American people. I urge the President and his assistants to take a hard look at that factor before the issue comes to the Senate and before many of us are asked to support that budget. There simply are not enough cuts.

Speaking for myself—and I know for many, many others on the other side of the aisle among the Democrats; as well as, I think, uniform Republican response—there are insufficient cuts in President Clinton's package to pass this body.

The second factor of overwhelming importance is the high incidence of taxation. President Clinton's bill has been labeled as the heaviest tax increase in the history of this country. Considering the tax increases in the history of this country, that is a significant statement. I believe those taxes have to be reanalyzed, reevaluated, and reduced.

The energy tax, simply stated, is unacceptable. It is unacceptable to have an energy tax which is regressive and that hits the poor people of America. There is an income tax credit which is supposed to offset that energy tax, but I have read the fine print, and I think it is unrealistic to expect that to happen.

The increased taxes on Social Security recipients are too high. There is a change in the taxable income on Social Security recipients going down to \$32,000 for a married couple and \$25,000 for an individual. Whatever one may say about the willingness to tax the wealthy, someone is not wealthy if they are a married couple and earn

\$32,000 a year, or a single individual earning \$25,000 a year.

I make this statement, Madam President, the morning after, when there is considerable jubilation at the White House. And I accord the President his day of jubilation, but we are going to be looking at some very, very tough issues when we come back after the Memorial Day recess.

I have said publicly and privately and on the floor of the Senate that I want to support the President where I can. He is the new President, and we want to give him a chance. But that is not a blank check. One of the every fundamental principles of our constitutional Government is separation of powers; that is, Senators are independently elected, and we are supposed to exercise our best judgment.

The second fundamental principle is checks and balances on what it is the Executive wants to do. I have read very closely the morning news reports and have seen the television stories, and there is no doubt that there is tremendous disquiet in the House of Representatives among many of those who voted in favor of the President's bill, which passed by a scant six vote margin.

It simply is not going to pass in this body in its current form, in this Senator's opinion. I make this statement now before we begin the Memorial Day recess because there is not going to be a whole lot of time when we get back. The Finance Committee will take up the issue, and there may well be a deadlock in the Finance Committee, and other Senators have spoken out.

I made an extensive floor statement on Monday of this week complimenting those who have advanced new ideas. When you lift your head above the trenches in this body and in this town, watch out. You have to be as quick to avoid being shot. I think that is the right approach, and there is ample notice for the President and his assistants to take heed and provide fundamental changes in this very, very important measure.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. SPECTER. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### UNANIMOUS-CONSENT REQUEST

Mr. SPECTER. Madam President, I do not know how long we are going to be in session yet today. I am advised that the distinguished majority leader is scheduled to come to the floor for wrap-up at 12 noon. We may be in session longer; I am not sure.

I ask unanimous consent that I may insert in the RECORD a floor statement

and a proposed bill for an extension of time on certain compliance requirements in western Pennsylvania. It is not quite finished. In the event I do not have it ready for presentation, I ask unanimous consent that I may insert it into the RECORD at a later point today.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPECTER. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. ROBB. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBB. Madam President, might I inquire if the Senate is currently conducting morning business?

The PRESIDING OFFICER. The Senate is in morning business.

Mr. ROBB. Thank you, Madam President.

The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. ROBB. I thank the Chair.

(The remarks of Mr. ROBB and Mr. BOREN pertaining to the introduction of S. 1068, are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. COATS addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. Madam President, are we in morning business?

The PRESIDING OFFICER. We are.

Mr. COATS. I ask unanimous consent to proceed for 5 minutes in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### HOMOSEXUALS IN THE MILITARY

Mr. COATS. Madam President, yesterday the President made the following statement about a proposal on homosexuals in the military: "I think we are very close to a compromise."

The President indicated that he had been in consultation with congressional leaders.

I am puzzled as to who is involved in that consultation. I can indicate that none of us on the Republican side have been engaged in any discussion with the President on the so-called compromise that he has proposed.

And yesterday, on the floor, Senator NUNN, who I think is the undisputed congressional leader when it comes to not only this issue, but all issues of military importance, indicated:

I have not had any discussions with administration officials on the outlines of any proposal on this issue that they may be working on.

So I really do not know who the President has been referring to when he said he has been in discussion with congressional officials.

I also find it almost impossible to ascertain where the President is on this issue. For months, he has made unequivocal statements indicating that he wants to lift the ban completely, that he thinks the former policy is not the policy that he would endorse, that he would be issuing an Executive order to lift that ban. He has repeated on numerous occasions his support for the complete lifting of the ban as advocated by those in the homosexual community and those certainly in support of that position.

Lately, there has been some equivocation on his part in terms of whether this will be the right political solution to the problem. Apparently, in reading the polls and the mail, the President has decided that that former position might not be one that he wants to embrace from a political standpoint.

This latest declaration has produced all kinds of conflicting statements coming from those who both support lifting of the ban and those on who oppose lifting of the ban.

I have read now four different interpretations of the members of the homosexual community and those who advocate lifting the ban as to what the President means by saying he is close to a compromise; four different interpretations.

There is great confusion on the side of those of us who do not advocate lifting the ban, for reasons we have stated and will continue to state as to what the interpretation is of the President's so-called compromise.

So I call upon the President, if he is close to a compromise, to tell us exactly what that compromise is and exactly who is he consulting with on the congressional side, because I think there are a number of Members here who have a very important stake in the outcome of that issue that obviously have indicated they have not been consulted.

Now, many claim that the President's compromise is one which would regulate conduct while on duty on base, but allow the private conduct off duty off base to be exempted from any possible military oversight.

Well, I think this shows a real lack of understanding of military life.

As the military has so often indicated, there really is no such thing as off duty for many of our people in uniform. What does it mean to be off duty in Somalia? What does it mean to be off duty in the Persian Gulf? What does it mean to be off duty on an aircraft carrier deployed at sea or a submarine under the polar ice?

Really, what does it mean to be off duty, even though you do your 8-to-5 job on base, or for the person who simply lives on the base and across the street, or perhaps crosses the street outside the base and lives in an apartment across the street?

Senator NUNN pointed out yesterday the participants of Tailhook were off

duty. They were out of uniform. It was a weekend. It supposedly was a purely private matter.

Is the President going to endorse a proposal which would allow the kind of conduct that took place at the Tailhook convention to be exempted from any military regulation? I do not think that is what he intends. Yet his so-called compromise proposal indicates that that is what he would like.

There is a serious proposal on the table. That proposal has little to do with the President's plan or the President's comments. And that proposal is Senator NUNN's proposal. Many in Congress are rushing to embrace it.

I have, however, some very serious questions that I think need to be answered to our satisfaction before we can say that is the so-called solution to this problem.

I am a hard-sell on the issue, because there is a great deal at stake. What is at stake is the most efficient, effective military the world has ever seen; that is a deterrent to aggression, a deterrent to war and brutality in many places of the world; that has protected our freedom for more than 200 years, and I think an institution which many of us takes a great deal of pride in, which Americans take a great deal of pride in.

It is more efficient now than it has ever been, more effective now than it has ever been, because of many of the policies that have been adopted and followed by the military and endorsed by this Congress.

So I am very reluctant to change it, particularly when those in the military—not just the Joint Chiefs of Staff, not just Colin Powell and Norm Schwarzkopf—but all the people all the way down through the ranks. Many on down the ranks—sergeants, corporals, privates, enlisted men, officers, and others—tell us that a change in this policy will seriously undermine the effectiveness, the normal discipline, the good order, as Colin Powell has indicated, that it is so important to the effectiveness of the military.

These are the questions, however, I think that need some answers before we can rush to embrace a “don't ask, don't tell” compromise, which has been offered, which is a serious proposal and merits a serious discussion.

Question 1: What exactly does “don't ask” mean? We know it is meant to imply at induction or recruitment time, but what about later? Can a commander, with adequate reasons to do so, ask the question? If the answer is yes, then what is that commander's response to be? How will this affect investigations? How will this affect the potential discharge proceedings? How will this affect the morale of the unit, and the military unit cohesiveness and effectiveness that so many have told us is important?

Question 2: What exactly does “don't tell” mean? What about actions off

base? For many soldiers, off base and private time have no meaning. If a unit knows a soldier is a homosexual, even if he or she does not advertise it, all the problems we have identified in the six hearings we have had will still exist.

Question 3: What will be the discharge procedure? Will the military retain its right to discharge homosexuals because their presence is incompatible with military service? What about those who have been previously discharged or those who are in the pipeline of discharge? What do we do with those people?

Question 4: Will “don't ask, don't tell” invite legal challenges? Can we really write consistent, clear rules which define “don't tell” which are fairly applied? If not, will it lead directly to the courts? Do we sacrifice the legal consistency of the military's ban with “don't ask, don't tell”? Can we really define for that commander who has to make decisions in the field, what “don't tell” means? In terms of every aspect of the private life or so-called off-duty life or off-base life of a military—enlisted or officer—individual? I am not so sure we can do that.

Finally, there is a question I am asking myself. Is “don't ask, don't tell” really not just a political answer to a military problem? Homosexuality is either consistent with military life or it is inconsistent with military life. This is the question that requires an answer. All the testimony is clear. Why should we muddy the water with ambivalence? Are we finessing what we should be deciding? Are we looking for a political compromise that will just in the end confuse our policy?

The issue seems to be moving quickly but I hope not too quickly. We have carefully explored lifting the ban and it will not work. But we have not given the same careful attention to the proposed solution, the “don't ask, don't tell” policy. People on both sides are making assumptions that have yet to be examined. The stakes are high enough to justify patience and study, not a rush to compromise. I hope this body and the President and others studying the issue at the Pentagon will take the time to get the answers to the questions so the final policy decision that we make is the correct one.

I yield the floor.

The PRESIDING OFFICER (Mr. ROBB). The Chair recognizes the majority leader, Senator MITCHELL.

#### EXECUTIVE SESSION

#### EXECUTIVE CALENDAR

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Senate proceed to executive session to consider the following nominations:

Calendar 176. David T. Elwood, to be an Assistant Secretary of Health and Human Services;



Calendar 178. Charlene Barshefsky, to be a Deputy U.S. Trade Representative, with the rank of Ambassador;

Calendar 179. Rufus Hawkins Yerxa, to be a Deputy U.S. Trade Representative, with the rank of Ambassador;

Calendar 187. Webster L. Hubbell, to be Associate Attorney General;

Calendar 188. Drew S. Days III, to be Solicitor General of the United States;

Calendar 189. Philip Benjamin Heymann, to be Deputy Attorney General;

Calendar 190. Clarence L. Irving, Jr., to be Assistant Secretary of Commerce for Communications and Information;

Calendar 191. D. James Baker, to be Under Secretary of Commerce for Oceans and Atmosphere;

Calendar 192. Arati Prabhakar, to be Director of the National Institute of Standards and Technology;

Calendar 193. Douglas Kent Hall, to be Assistant Secretary of Commerce for Oceans and Atmosphere;

Calendar 194. Stephen H. Kaplan, to be General Counsel of the Department of Transportation;

Calendar 195. Mortimer L. Downey, to be Deputy Secretary of Transportation;

Calendar 196. Michael P. Huerta, to be Associate Deputy Secretary of Transportation;

Calendar 197. Kathryn D. Sullivan, to be Chief Scientist of the National Oceanic and Atmospheric Administration;

Calendar 199. Steven Alan Herman, to be an Assistant Administrator of the Environmental Protection Agency;

Calendar 200. David Gardiner, to be an Assistant Administrator of the Environmental Protection Agency;

Calendar 201. Rodney E. Slater, to be Administrator of the Federal Highway Administration;

Calendar 202. Michael A. Stegman, to be Assistant Secretary of Housing and Urban Development;

Calendar 203. Joseph Shuldiner, to be an Assistant Secretary of Housing and Urban Development;

Calendar 204. Marilyn A. Davis, to be an Assistant Secretary of Housing and Urban Development;

Calendar 205. Aida Alvarez, to be Director of the Office of Federal Housing Enterprise Oversight;

Calendar 206. Andrew M. Cuomo, to be an Assistant Secretary of Housing and Urban Development;

Calendar 207. Sally Katzen, to be Administrator of the Office of Information and Regulatory Affairs;

Calendar 208. Philip Lader, to be Deputy Director for Management, Office of Management and Budget;

Calendar 209. Steven S. Honigman, to be General Counsel of the Department of the Navy;

Calendar 210. Edward L. Warner III, to be an Assistant Secretary of Defense;

Calendar 211. Anita K. Jones, to be Director of Defense Research and Engineering;

Calendar 212. Harold P. Smith, Jr., to be Assistant to the Secretary of Defense for Atomic Energy;

Calendar 213. Deborah Roche Lee, to be Assistant Secretary of Defense;

Calendar 214. Emmett Paige, Jr., to be an Assistant Secretary of Defense;

Calendar 215. Walter Becker Stoccombe, to be Deputy Under Secretary of Defense for Policy;

Calendar 216. Brig. Gen. Michael J. Nardotti, Jr., and Brig. Gen. Kenneth D. Gary, to be the Judge Advocate General; major general, the Assistant Judge Advocate General, and major general, respectively;

Calendar 217. Marilyn McAfee, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Guatemala;

Calendar 218. William Thornton Pryce, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Honduras;

Calendar 219. John Howard Francis Shattuck, to be Assistant Secretary of State for Human Rights and Humanitarian Affairs;

Calendar 220. James Richard Cheek, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Argentina; and

Calendar 221. Joan E. Spero, to be U.S. Alternate Governor of the International Bank for Reconstruction and Development; U.S. Alternate Governor of the Inter-American Development Bank; U.S. Alternate Governor of the African Development Bank; U.S. Alternate Governor of the African Development Fund; U.S. Alternate Governor of the Asian Development Bank; and U.S. Alternate Governor of the European Bank for Reconstruction and Development;

I further ask unanimous consent that the nominees be confirmed, en bloc, that any statements appear in the RECORD as if read, that the motions to reconsider be laid upon the table, en bloc, that the President be immediately notified of the Senate's action, and that the Senate return to legislative session.

The PRESIDING OFFICER. Is there objection?

Mr. BROWN. Reserving the right to object.

The PRESIDING OFFICER. The Senator from Colorado reserves the right to object.

Mr. BROWN. Mr. President, I shall not object but I wanted to at least place in the RECORD my concerns about the European Bank for Reconstruction and Development. This particular bank, after its first 2 years of operation, had spent over \$300 million on overhead and they had only loaned about \$240 million. It is a scandal of major proportions. Their offices, for example, were decorated at a cost of somewhere in the neighborhood of \$87 million, according to the Financial

Times of London. When they did not like the marble that was originally put in the office it was replaced at a cost of \$1.2 million.

This particular entity I think is a poster child of waste and corruption. This occurred under the previous administration, not this administration. The nominee that is included in the list here, Ms. Spero, is concerned about it. I have talked to her about it. She has not, however, given a commitment that she will vote to get rid of the president of this bank.

She has, however, indicated the administration's interest in clearing this up—there is an audit report that is due out in June—and committed to refer that to the Congress and to the Foreign Relations Committee.

Mr. President, I will not object. Ms. Spero has convinced me that she is concerned about this matter. I must say, though, I would feel much better if the administration were committed to getting rid of the president of this bank. It is clear he is totally incapable of proper management and his record is one of a scandalous waste of funds, including the portion that is donated by the United States.

So I want to express my concern; express delight in Ms. Spero's commitment to deal with this problem; and indicate this is something I will be following up on.

I withdraw my reservation, Mr. President.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The nominations considered and confirmed en bloc are as follows:

#### DEPARTMENT OF HEALTH AND HUMAN SERVICES

David T. Ellwood, of Massachusetts, to be an Assistant Secretary of Health and Human Services.

#### EXECUTIVE OFFICE OF THE PRESIDENT

Charlene Barshefsky, of the District of Columbia, to be a Deputy U.S. Trade Representative, with the rank of Ambassador.

Rufus Hawkins Yerxa, of the District of Columbia, to be a Deputy U.S. Trade Representative, with the rank of Ambassador.

#### DEPARTMENT OF JUSTICE

Webster L. Hubbell, of Arkansas, to be Associate Attorney General.

Drew S. Days III, of Connecticut, to be Solicitor General of the United States.

Philip Benjamin Heymann, of Massachusetts, to be Deputy Attorney General.

#### DEPARTMENT OF COMMERCE

Clarence L. Irving, Jr., of New York, to be Assistant Secretary of Commerce for Communications and Information.

D. James Baker, of the District of Columbia, to be Under Secretary of Commerce for Oceans and Atmosphere.

Arati Prabhakar, of Texas, to be Director of the National Institute of Standards and Technology.

Douglas Kent Hall, of Kentucky, to be Assistant Secretary of Commerce for Oceans and Atmosphere.

#### DEPARTMENT OF TRANSPORTATION

Stephen H. Kaplan, of Colorado, to be General Counsel of the Department of Transportation.

Mortimer L. Downey, of New York, to be Deputy Secretary of Transportation.

Michael P. Huerta, of California, to be Associate Deputy Secretary of Transportation.

#### NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Kathryn D. Sullivan, of Texas, to be Chief Scientist of the National Oceanic and Atmospheric Administration.

#### ENVIRONMENTAL PROTECTION AGENCY

Steven Alan Herman, of New York, to be an Assistant Administrator of the Environmental Protection Agency.

David Gardiner, of Virginia, to be an Assistant Administrator of the Environmental Protection Agency.

#### DEPARTMENT OF TRANSPORTATION

Rodney E. Slater, of Arkansas, to be Administrator of the Federal Highway Administration.

#### DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Michael A. Stegman, of North Carolina, to be an Assistant Secretary of Housing and Urban Development.

Joseph Shuldiner, of California, to be an Assistant Secretary of Housing and Urban Development.

Marilyn A. Davis, of New York, to be an Assistant Secretary of Housing and Urban Development.

Aida Alvarez, of California, to be Director of the Office of Federal Housing Enterprise Oversight, Development of Housing and Urban Development, for a term of 5 years. (New position)

Andrew M. Cuomo, of New York, to be an Assistant Secretary of Housing and Urban Development.

#### EXECUTIVE OFFICE OF THE PRESIDENT

Sally Katzen, of the District of Columbia, to be Administrator of the Office of Information and Regulatory Affairs, Office of Management and Budget.

Philip Lader, of South Carolina, to be Deputy Director for Management, Office of Management and Budget.

#### DEPARTMENT OF DEFENSE

Steven S. Honigman, of New York, to be General Counsel of the Department of the Navy.

Edward L. Warner, III, of Virginia, to be an Assistant Secretary of Defense.

Anita K. Jones, of Virginia, to be Director of Defense Research and Engineering.

Harold P. Smith, Jr., of California, to be Assistant to the Secretary of Defense for Atomic Energy.

Deborah Roche Lee, of Maryland, to be an Assistant Secretary of Defense.

Emmett Paige, Jr., of Maryland, to be an Assistant Secretary of Defense.

Walter Becker Slocumbe, of the District of Columbia, to be Deputy Under Secretary of Defense for Policy.

#### IN THE ARMY

The following named officers for appointment as the Judge Advocate General and the Assistant Judge Advocate General, respectively, U.S. Army, in the grade of major general, under the provisions of title 10, United States Code, section 3037:

To be the Judge Advocate General and Major General

Brig. Gen. Michael J. Nardotti, Jr. xxx-xx-xx...  
xxx... U.S. Army.

To be the Assistant Judge Advocate General and Major General

Brig. Gen. Kenneth D. Gray, xxx-xx-xxxx  
U.S. Army.

#### DEPARTMENT OF STATE

Marilyn McAfee, of Florida, a career member of the Senior Foreign Service, class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Guatemala.

William Thornton Pryce, of Pennsylvania, a career member of the Senior Foreign Service, class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Honduras.

John Howard Francis Shattuck, of Massachusetts, to be Assistant Secretary of State for Human Rights and Humanitarian Affairs.

James Richard Cheek, of Arkansas, a career member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Argentina.

#### INTERNATIONAL BANKS

Joan E. Spero, of New York, to be U.S. Alternate Governor of the International Bank for Reconstruction and Development for a term of 5 years; U.S. Alternate Governor of the Inter-American Development Bank for a term of 5 years; U.S. Alternate Governor of the African Development Bank for a term of 5 years; Alternate Governor of the African Development Fund; U.S. Alternate Governor of the Asian Development Bank; and U.S. Alternate Governor of the European Bank for Reconstruction and Development.

#### STATEMENT ON THE NOMINATION OF DREW DAYS

Mr. DODD. Mr. President, I rise today in strong support of the nomination of Drew S. Days III, for Solicitor General.

The work of the Solicitor General usually does not receive a great deal of attention from the press. Nonetheless, because the Solicitor is charged with representing the Federal Government before the Supreme Court, the post is critically important.

Throughout our history, the Nation has been well served by a number of distinguished Solicitor Generals. In this century, the post has been filled by such luminaries as Robert Jackson, Archibald Cox, and Thurgood Marshall. With his impressive intellect, dedication to equal justice, and balanced approach to legal issues, Drew Days will carry on that tradition of excellence.

Drew's association with my home State of Connecticut dates back to the 1960's when he was a student at Yale Law School. At Yale, Drew began his work in civil rights law in conjunction with the Law Students Civil Rights Research Council.

After his graduation from Yale, Drew went to work for a law firm in Chicago. But he did not say in private practice for long. Instead, in 1967, he responded to President Kennedy's echoing call to national service and joined the Peace Corps. He helped organize an agricultural cooperative in Comayagua, Honduras. Drew's concern for the world's less fortunate citizens continues through his more recent work as a professor at his alma mater, Yale, where he directs the school's center for international human rights.

Of course, Drew is best known for his efforts to make our Nation's legal sys-

tem live up to its promise of equal justice for all. As a litigator with the NAACP Legal Defense and Education Fund, he fought to desegregate schools across the country. He also administered a program that helped African-American lawyers set up private practices in their hometowns.

Eventually, Drew's outstanding work gained the attention of then-Judge Griffin Bell. After Judge Bell became Attorney General, Drew accepted his invitation to become the Assistant Attorney General for Civil Rights.

More recently, Drew has devoted his energies to the education of the next generation of lawyers. At Yale, he has earned the respect of his colleagues and students and received a number of awards and honors. Hopefully, his students have learned the balanced approach to issues that characterizes Drew's legal scholarship.

During his confirmation hearing before the Judiciary Committee, Drew noted the difficult task ahead:

[T]he Solicitor General's job is not an easy one for it entails, on the one hand, being a forceful and effective advocate for the government before the Supreme Court. On the other hand, the Solicitor General, for both ethical and pragmatic reasons, has a duty toward the Supreme Court "of absolute candor and fair dealing."

Because of his breadth of experience, depth of knowledge, and unquestioned integrity, I am confident that Drew will properly balance his various duties and make an outstanding Solicitor General. We will miss him in Connecticut, but we are pleased that he will be working to strengthen the Nation's legal system.

#### STATEMENT ON THE NOMINATION OF PHILIP B.

##### HEYMANN

Mr. MOYNIHAN. Mr. President, President Clinton has nominated Prof. Philip B. Heymann to be Deputy Attorney General of the United States. From 1979 to 1981, Professor Heymann served as Assistant Attorney General in charge of the Criminal Division at the Department of Justice, which is the position charged with responsibility for the Federal Bureau of Investigation.

It was during this period that the FBI's undercover sting operation known as Abscam took place. Abscam—short for "Arab Scam"—took its name from an undercover scheme in which FBI agents and their informants posed as representatives of two wealthy Arab sheiks. Abscam began as a stolen property investigation in early 1978, but within a few months came to focus almost entirely on political corruption. The operation sought to induce Members of Congress to introduce legislation in exchange for money.

Twelve public officials—seven Members of Congress among them—were convicted of various offenses in Abscam. On March 11, 1982, Senator Harrison A. Williams of New Jersey resigned from the Senate after the Select



Committee on Ethics unanimously reported a resolution recommending his expulsion.

To study Abscam, the Senate established the Select Committee to Study Undercover Activities of Components of the Department of Justice. Charles McC. Mathias, Jr., of Maryland was chairman; Walter D. Huddleston of Kentucky was vice chairman. In its final report in 1982, the committee found that:

\*\*\* [T]argeting occurred in Abscam on the basis of political party and on the basis of geographic location. (S. Rpt. No. 97-882, 97th Cong., 2d Sess. 67.)

As an example, on October 9, 1979, in a conversation among Anthony DeVito—in reality, FBI Special Agent Amoroso—Melvin Weinberg—a convicted swindler and FBI informant—and Howard Criden—a middleman in the scheme—the following exchange took place:

CRIDEN: That's what you would prefer, to have guys spread out all over the country?

DEVITO (Amoroso): Well, I would. I would. And I tell you what I would prefer, too; like I have discussed with you, and I even mentioned it to Angelo [Errichetti, another Abscam defendant], it would be nice to have some guys that are Republicans in here, too. Only for the fact that it doesn't look like the push would be comin' from just, ya know, one group. \*\*\* (Id.)

A similar incident occurred on September 18, 1979, when in a conversation with Criden, Melvin Weinberg, the FBI's informant, asked Criden:

Okay, now, the only other thing I want to ask you is, how about some Republicans? Doesn't it look bad it's all Democrats? (Id. at 68.)

The Senate Select Committee pointed out the dangers of such targeting:

One such danger is that innocent persons will be subjected to investigations \*\*\* in the absence of a justifiable basis for investigating those persons rather than any others. \*\*\* A related danger is that law enforcement agents or officials will select individuals for investigation on the basis of criteria unrelated to legitimate law enforcement purposes—criteria such as political opposition or personal animosity. (Id. at 67.) (Emphasis supplied.)

Mr. President, the actions of the Department of Justice also included an abortive attempt by the FBI to involve me and the late Senator Jacob Javits in Abscam. In September of 1979, one William Rosenberg, a convicted swindler, whom the FBI used as a middleman in their scheme, bragged to a Government informant that he had contacted Senator Javits and me about the acceptance of bribes. Mr. Rosenberg also claimed he could reach Senator Robert S. Kerr of Oklahoma, who had been dead nearly 17 years. (Mr. Rosenberg later confessed to lying about having contacted Senator Javits and me.) In reply, the Government informant, Melvin Weinberg, said:

Javits we would definitely like and we'd like Moynihan. (FBI transcript, Sept. 10, 1979.)

In view of these events, it was not surprising when Chairman Mathias' Select Committee found that:

[I]n deciding whether to investigate particular public figures in ABCAM, the FBI excessively relied upon the uncorroborated representations of unwitting, corrupt middlemen. (S. Rpt. No. 97-882 at 57.)

In Abscam, Mr. President, the Department of Justice introduced into the practice of American Government police behavior which the world associates with corruption, tyranny, dictatorship, and worse. The Justice Department doubtless behaved from the best of motives. Even so, the Abscam operation amounted to an invasion of the legislative branch by the executive branch. What would Madison have thought of this?

Mr. President, I met with then-Assistant Attorney General Heymann in December, 1980, to discuss Abscam. We exchanged letters on the subject in early 1981. And we spoke about it further on May 14 of this year, when he and the Attorney General met with me in my office.

As the Senate moves to confirm Philip B. Heymann to be Deputy Attorney General, I would hope that he will be alert to the dangers of such undercover activities and mindful of the conclusions of the Select Committee. The Department of Justice must ensure that its investigations proceed with due regard for the constitutional rights of citizens and for the adequate protection of Congress from abuses of power—inadvertent or intentional—by the executive branch.

#### STATEMENT ON THE NOMINATION OF CLARENCE IRVING

Mr. HOLLINGS. Mr. President, I rise today in support of the nomination of Clarence Irving for Assistant Secretary of Commerce for Communications and Information and as Administrator of the National Telecommunications and Information Administration [NTIA]. As headed of NTIA, Mr. Irving will serve as the principal adviser to the President for our Nation's telecommunications policy. Mr. Irving's nomination was considered before the Commerce Committee and approved unanimously by voice vote.

Mr. Irving has had an impressive career in public service with a focus on telecommunications policy. He served the last 6 years as the senior counsel on telecommunications for the U.S. House of Representatives' Subcommittee on Telecommunications and Finance. He has valuable working knowledge on issues ranging from cable TV, satellites, high-definition television, and spectrum-related issues that will help him in his new role at NTIA. In his position as Assistant Secretary, Mr. Irving will share in the responsibility of shaping our country's telecommunications infrastructure. His prior experiences will be a valuable asset in his role as adviser to both the President and Secretary of Commerce.

Mr. Irving also has an opportunity to show that Government can be a useful tool in shaping the administration's telecommunications policy. I believe Mr. Irving's experience as legislative director for the late Congressman Mickey Leland is an important part of his qualifications. Mickey Leland was one of the finest Members of the House of Representatives. Knowing that Mr. Irving shares Mickey's philosophy about public service, I am sure he will be a major asset in the challenges he will face at NTIA. I fully support Mr. Irving's belief that our telecommunications policies must ensure that inner-city children have the same access to the information age as children in urban, more affluent sections of our country. I am confident he will serve with the same dedication and commitment he has shown in the past.

#### STATEMENT ON THE NOMINATION OF DR. D. JAMES BAKER

Mr. HOLLINGS. Mr. President, this afternoon I am pleased to discuss the nomination of Dr. D. James Baker to be Under Secretary of Commerce for Oceans and Atmosphere. As Under Secretary, Dr. Baker would, of course, serve as Administrator of the National Oceanic and Atmospheric Administration [NOAA].

As most of my colleagues recognize, the Department of Commerce is perhaps the most diverse of the Federal Departments, with wide-ranging responsibilities for trade and technology, communications, population statistics and the census, and environmental monitoring. What they may not realize is that NOAA comprises over half of the Department budget and more than a third of its personnel.

NOAA was created by the President's Reorganization Plan No. 4 of 1970 to consolidate many of our Nation's oceanic and atmospheric programs. Coupled with the establishment of the Environmental Protection Agency, the creation of NOAA was part of a reorganization effort designed to unify the Nation's fragmented environmental activities and provide a rational and systematic approach to understanding, protecting, developing, and using the Earth environment. Among the roles assigned to NOAA are: First, managing of ocean and coastal resources for the economic and social good of the Nation; second, providing weather warnings and forecasts for the protection of lives and property; third, mapping of U.S. coastal areas and air space; fourth, research and monitoring to improve our understanding and ability to predict climate and environmental change; and fifth, managing the Nation's civilian operational whether satellite systems and the data these systems collect. Over the years, NOAA has developed substantial scientific and technical expertise to address a broad range of oceanic and atmospheric issues. Strong leadership will be re-

quired to deal with the difficult challenges facing NOAA as the agency seeks to meet its diverse responsibilities in an increasingly austere fiscal climate.

Dr. Baker is eminently qualified to provide that leadership. His strong academic background in oceanography and the atmospheric sciences, and diverse career experience and achievements clearly provide him with the necessary credentials for this demanding position.

With respect to education, James Baker has an undergraduate degree in physics from Stanford University and a doctorate in physics and mathematics from Cornell. Continuing in academia, Dr. Baker cofounded and served as the first dean of the College of Ocean and Fishery Sciences at the University of Washington, and he was a faculty member at the University of Washington and Harvard University for more than two decades. In addition, Dr. Baker received postdoctoral fellowships at the University of California at Berkeley and the University of Rhode Island.

Prior to his nomination to be Under Secretary of Commerce, Dr. Baker served as president of Joint Oceanographic Institutions [JOI] Inc., a nonprofit research management corporation representing the 10 largest U.S. academic oceanographic institutions. He also served as a distinguished visiting scientist at the California Institute of Technology's Jet Propulsion Laboratory, advising on remote sensing of the Earth.

Dr. Baker has previous experience with NOAA as leader of the Deep-Sea Physics Group at the Pacific Marine Environmental Laboratory and as a member of the NOAA/University of Washington Joint Institute for the Study of the Atmosphere and Ocean. He also served as a member of the advisory panel for NOAA's Climate and Global Change Program. He has published more than 80 papers, written the book "Planet Earth—the View from Space," and holds a joint patent for a deep-sea pressure gauge. Because of his impressive experience with ocean and atmospheric issues, he has been asked to serve on numerous scholarly panels and committees.

In summary, Dr. Baker would provide articulate, thoughtful leadership to guide NOAA in an era of growing responsibilities and shrinking fiscal resources. I strongly endorse his nomination and support his selection as Under Secretary of Commerce for Oceans and Atmosphere.

STATEMENT ON THE NOMINATION OF DR. ARATI PRABHAKAR

Mr. HOLLINGS. Mr. President, I am pleased that the Senate is now considering the nomination of Dr. Arati Prabhakar to be Director of the Commerce Department's National Institute of Standards and Technology [NIST].

Dr. Prabhakar brings skill and enthusiasm to this important job. The daughter of a hard-working immigrant family, she holds a Ph.D. in applied physics from the California Institute of Technology. She worked at the Congressional Office of Technology Assessment, and in recent years has been a senior technical manager at the Advanced Research Projects Agency [ARPA], where she has supervised research projects on microelectronics. In her ARPA capacity, she has overseen the Sematech consortium, perhaps still the most successful and important of industry-Government technology partnerships. She brings real experience to her new job.

Her experience and enthusiasm will serve her well at an agency that is poised for a significantly expanded role. With the end of the cold war, the greatest international challenge now facing this Nation is economic. If the United States cannot successfully compete, and if we cannot lead the world in applying new technologies to the full range of American industries, then our citizens and our country will be poorer. Since 1901, NIST and its predecessor agency have been the Government's one agency whose primary purpose is to support civilian industrial technology. Now that economic competitiveness has moved to the forefront of the national agenda, the President is proposing significant expansions in NIST's laboratory, extension, and advanced technology programs. Under the leadership of Secretary Ron Brown, the Commerce Department will be ready to work with American industry to ensure continued U.S. economic strength and prosperity.

We are fortunate to have attracted such a talented individual to run NIST, and I look forward to working with Dr. Prabhakar.

Mr. President, I strongly support this nomination and urge our colleagues to support it.

STATEMENT ON THE NOMINATION OF DOUGLAS K. HALL

Mr. HOLLINGS. Mr. President, I am pleased to support the nomination of Douglas K. Hall to be the Assistant Secretary of Commerce for Oceans and Atmosphere. The Assistant Secretary serves as Deputy Administrator of the National Oceanic and Atmospheric Administration [NOAA], assisting and advising the Under Secretary for Oceans and Atmosphere in all his responsibilities. If confirmed, Mr. Hall will have specific responsibilities for overseeing NOAA public and congressional affairs and directing intergovernmental relations as well.

Prior to his nomination, Mr. Hall served as vice president of the Nature Conservancy, a 670,000-member organization dedicated to preserving the world's biodiversity. He managed the organization's communications and public outreach efforts, coordinated

public relations and public policy efforts, and produced all the organization's publications, films, and other media. Prior to joining the Nature Conservancy, Mr. Hall was a partner of the Communications Co., a Washington-based media consulting firm from 1989 to 1991. He also has served as press secretary, and then chief of staff, for Senator JIM SASSER from 1987 to 1989. His background clearly demonstrates experience with oceans issues and public affairs.

I am pleased to support him for his position, and I urge my colleagues to support his nomination.

STATEMENT ON THE NOMINATION OF STEPHEN H. KAPLAN

Mr. HOLLINGS. Mr. President, today I urge my colleagues to support the nomination of Stephen H. Kaplan to be general counsel of the Department of Transportation [DOT]. His nomination was unanimously approved by the Committee on Commerce, Science, and Transportation at its executive session on May 25, 1993.

If confirmed as general counsel, Mr. Kaplan will serve as the chief legal officer for the Department of Transportation, and will be the final authority within DOT on questions of law. There are many important regulatory and other legal matters in which DOT is involved, and the DOT general counsel has the critical responsibility for coordinating these efforts and ensuring that such legal matters are resolved expeditiously.

I am confident that Mr. Kaplan is prepared for this challenge. If confirmed, he would come to this position with an exemplary academic and professional record and a clear commitment to public service. He has had many years of legal experience serving as attorney or legislative advisor at various levels of government. He is currently on leave from the law firm of Davis, Graham and Stubbs in Denver, CO. Prior to this position, he served as city attorney for the city of Denver, as an associate and then partner at the law firm of Kelly, Haglund, Garnsey and Kahn, and as an assistant and then first assistant attorney general for the State of Colorado. In his position as Denver city attorney, Mr. Kaplan was involved in matters relating to the Denver International Airport.

This outstanding nominee deserves our support, and I urge my colleagues to join me in supporting his confirmation.

STATEMENT ON THE NOMINATION OF MORTIMER L. DOWNEY

Mr. HOLLINGS. Mr. President, I am pleased that the Senate is considering the nomination of Mortimer L. Downey to be Deputy Secretary of Transportation. At its executive session on May 25, 1993, the Committee on Commerce, Science, and Transportation unanimously ordered this nomination reported favorably.



This nominee brings to a critical position at the Department of Transportation [DOT] exceptional career experience in transportation and public agency management. He has demonstrated his transportation expertise and managerial ability in a variety of senior posts with two major public agencies, as an assistant secretary in the executive branch, and with the Congress in supporting its oversight responsibilities. Since 1981, Mr. Downey has served as a senior official with the Nation's largest public transportation agency, the Metropolitan Transportation Authority [MTA] in New York, where he was most recently executive director and chief financial officer. Prior to his tenure with MTA, Mr. Downey was Assistant Secretary for Budget and Programs at DOT from 1977 to 1981. From 1975 to 1977, he worked as a transportation analyst with the House Budget Committee, an assignment which followed 15 years in various management positions with the Port Authority of New York and New Jersey.

Mr. President, this nominee has a strong working knowledge of the various institutions which must function together in order for DOT to function efficiently and for our national transportation system to operate effectively. Furthermore, because Mr. Downey has served extensively with State and local authorities and has been involved in the operation of Federal programs at the State and local levels, he knows well what kinds of Federal initiatives lead to productive partnerships and better delivery of services in transportation.

For fiscal year 1994, President Clinton has proposed more than \$40 billion in taxpayer funds for DOT programs. If confirmed as Deputy Secretary, Mr. Downey will be entrusted with assisting the Secretary in overseeing the appropriate expenditure of these funds. Under the Secretary's guidance, he will be charged with implementing DOT's mission of ensuring a safe and efficient national transportation system. These tasks are challenging, but ones to which the nominee brings a wealth of knowledge and expertise.

Mr. President, I am confident that Mortimer L. Downey's professional background and experience has prepared him well for the tremendous challenges confronting DOT and our Nation's system of transportation. I welcome this opportunity to recommend Mortimer Downey's confirmation as Deputy Secretary of Transportation, and I urge my colleagues to join me in supporting this outstanding nomination.

STATEMENT ON THE NOMINATION OF MICHAEL P. HUERTA

Mr. HOLLINGS. Mr. President, I rise today to support the nomination of Mr. Michael P. Huerta to be Associate Deputy Secretary of Transportation. At its

executive session on May 25, 1993, the Committee on Commerce, Science, and Transportation ordered this nomination reported favorably.

Mr. Huerta, if confirmed, will be the second person to serve as the Director of the Office of Intermodalism within the Department of Transportation [DOT]. This office was recently created under the Intermodal Surface Transportation Act of 1991 to promote the development of a national intermodal transportation system in the United States. The aim of the Office of Intermodalism is to bring together the various elements of the U.S. transportation industry in order to move goods more efficiently and economically across the country.

Mr. Huerta is eminently qualified for this position. He has had significant experience with intermodal issues, having recently served as the executive director of the port of San Francisco and prior to that as the commissioner for the Department of Ports, International Trade, and Commerce for the city of New York. In these positions, he was responsible for developing more efficient intermodal systems for the two major ports. He clearly understands the importance of intermodalism and the challenges that he will face in this important area.

I recently chaired Mr. Huerta's confirmation hearing and found him to be an impressive and well-informed nominee. His responses to questions posed by the committee showed an in-depth knowledge of the area. Because the Office of Intermodalism is still in its formative stage, it is important to have a person of Mr. Huerta's background and ability to provide it with strong leadership. If confirmed, I am confident that he will contribute much to the advancement of intermodalism in this country.

I enthusiastically support Mr. Huerta's confirmation, and urge my colleagues to join me in supporting this outstanding nominee.

STATEMENT ON THE NOMINATION OF DR. KATHRYN D. SULLIVAN

Mr. HOLLINGS. Mr. President, on Tuesday, May 25, the Committee on Commerce, Science, and Transportation unanimously approved the nomination of Dr. Kathryn D. Sullivan to be Chief Scientist of the National Oceanic and Atmospheric Administration.

The Chief Scientist of NOAA is the principal scientific advisor to the Under Secretary for Oceans and Atmosphere in the Department of Commerce. Responsibilities for the Chief Scientist include serving as NOAA's principal spokesperson on scientific and technological issues, formulating and recommending scientific policy, and providing guidance to NOAA managers on scientific and technological issues.

Dr. Sullivan is especially qualified to serve at NOAA. She was a mission specialist astronaut with the National

Aeronautics and Space Administration [NASA] from 1978 until 1992, and has flown on three space shuttle missions. Dr. Sullivan is known for being the first American woman to walk in space. However, it is her involvement in scientific experiments on all three shuttle flights, and her responsibility for the scientific operations aboard the 1992 flight of *Atlantis* that reflect Dr. Sullivan's abilities and qualifications.

From 1986 to 1993, she served as the director of educational programs at the Challenger Center for Space Science Education in Alexandria, VA. Once again, Dr. Sullivan's commitment to science, and her ability to take a leadership position are demonstrated by her involvement in the design and development of the programs being offered at the 13 Challenger learning centers. Dr. Sullivan also served as an adjunct professor at Rice University from 1985 to 1992.

Although Dr. Sullivan's professional experience is with NASA, her academic background is in earth science and marine geology. She has participated in several oceanographic research and survey cruises. In addition, she is a lieutenant commander in the Naval Reserve, and has been involved in the design and procurement of sensors, computers, and software which will provide the Navy with accurate environmental data.

Basically, Mr. President, Dr. Sullivan is exactly whom NOAA needs for the position of Chief Scientist. Her impressive academic background in science, and her successful career as a mission specialist astronaut involving scientific research and the application of technology are right on target for the direction in which NOAA is heading. NOAA is a unique agency in that it places a high priority on both science and the application of science for better management of our ocean, coastal, and atmospheric resources. Dr. Sullivan has been instrumental in linking science and technology and the application of that technology while at NASA, and I am confident that she will do the same at NOAA.

STATEMENT ON THE HUD NOMINATIONS

Mr. BOND. Mr. President, I stand in support of the nominations for HUD of Ms. Aida Alvarez to be Director of the Office of Federal Housing Enterprise Oversight, Mr. Andrew Cuomo to be Assistant Secretary for Community Planning and Development, Ms. Marilyn Davis to be Assistant Secretary for Administration, Mr. Joseph Shuldiner to be Assistant Secretary for Public and Indian Housing, and Prof. Michael Stegman to be Assistant Secretary for Policy Development and Research.

I have had an opportunity to review the credentials of each of these individuals, and I consider each nominee to be an outstanding choice. In particular, I want to compliment both Ms. Alvarez and Mr. Shuldiner. I had the distinct

pleasure of personally meeting with both Ms. Alvarez and Mr. Shuldiner. I found Ms. Alvarez to be well qualified for the position of the Director of the Office of Federal Housing Enterprise Oversight. I also found Mr. Shuldiner to be well qualified for the position of Assistant Secretary for Public and Indian Housing. I look especially forward to working with Mr. Shuldiner on the many issues currently facing public housing, including finding solutions to distressed public housing, issues of poor management, and the general policy of housing the poorest of the poor in public housing.

Mr. President, I urge my colleagues to support these nominations.

STATEMENT ON THE NOMINATION OF SALLY KATZEN

Mr. ROTH. Mr. President, I rise in support of Sally Katzen's confirmation as Administrator of the Office of Information and Regulatory Affairs [OIRA]. She is very well qualified by education, service, and experience to take on one of the most challenging roles in Government.

In recent years Congress has passed much legislation that will generate much regulation. With the escalating growth of regulation, it is imperative that someone review regulations for their legality, their rationality, their conflicts, their efficiency, their efficacy, their societal benefits, their societal costs, and their conformity with the administration's policies. In our present Government structure, that task is the responsibility of OIRA.

It is well known that the administration is reevaluating current executive orders governing regulatory review. Sally Katzen, by authority of the office she will hold and by dint of her knowledge and experience, ought to play the major role in this reevaluation. However, with some concern, I have received information from sources within the business community that the administration had already decided to revise the current executive orders without incorporating a cost-benefit and comparative risk analyses, for which the Senate has just recently shown such overwhelming support, when it adopted the Johnston amendment to the EPA elevation bill by a vote of 95-3.

Mr. President, I am pleased to say that I have personally spoken with the Vice President on this matter. He has assured me that this information is not true, that no decision has been made, and that the committee will be consulted before any new Executive order is signed. The nominee has also assured me that, upon her confirmation, she plans to convene interested administration players, to fashion a tentative draft Executive order, and then seek input from the agencies that will be subject to the order and from Governmental Affairs Committee members as well.

I note that the nominee has in her prior life advocated, as I have, that the regulatory review process for individual regulations also cover independent agencies, with appropriate exceptions. I would encourage her to continue that advocacy within the administration. Finally, I would encourage her and the administration to share the draft Executive order with all concerned—not only agencies and committee members, but also with the public—by asking for public comment. This was the approach taken by President Carter. In view of the keen interest of so many in any new Executive order on regulatory review, I would suggest that the concerns of many could be allayed by following that precedent.

Mr. CHAFFEE. Mr. President, I would like to say I am delighted to see No. 179, Rufus Hawkins Yerxa, is amongst those to be confirmed. Those of us in the Finance Committee have worked with him for many years, as I am sure the majority leader has.

He is outstanding. I am delighted he has been appointed and we are confirming him today.

#### LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will resume legislative session.

#### MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Thomas, one of his secretaries.

#### EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

#### EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-871. A communication from the President of the United States transmitting, pursuant to law, a report relative to the continuation of a waiver of application of certain subsections of section 402 of the Trade Act to the People's Republic of China; to the Committee on Finance.

#### INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first

and second time by unanimous consent, and referred as indicated:

By Mr. ROTH (for himself, Mr. LOTT, Mr. DOLE, Mr. SIMPSON, Mr. COCHRAN, Mr. NICKLES, Mr. MACK, Mr. CRAIG, Mr. BENNETT, Mr. HATCH, Mr. WALLOP, Mr. THURMOND, Mr. STEVENS, Mr. HELMS, Mr. MURKOWSKI, Mr. BURNS, Mr. COATS, Mr. SMITH, Mr. FAIRCLOTH, and Mr. GREGG):

S. 1058. A bill to amend the Internal Revenue Code of 1986 to create real jobs in America through investment and savings incentives, to pay for such incentives by decreasing Federal spending, and for other purposes; to the Committee on Finance.

By Mr. STEVENS (for himself and Mr. MURKOWSKI):

S. 1059. A bill to include Alaska Natives in a program for Native culture and arts development; to the Committee on Indian Affairs.

By Mr. ROBB (for himself and Mr. WARNER):

S. 1060. A bill to amend the Internal Revenue Code of 1986 to provide a tax credit to businesses which mine metallurgical coal and are required to make contributions to the UMWA Combined Benefit Fund created by the Energy Policy Act of 1992; to the Committee on Finance.

By Mr. RIEGLE (for himself and Mr. CHAFFEE):

S. 1061. A bill to increase the funds available under title XX of the Social Security Act for block grants to States for social services, and for other purposes; to the Committee on Finance.

By Mr. WOFFORD:

S. 1062. A bill to amend the National Agricultural Research, Extension, and Teaching Policy Act of 1977 to improve the dissemination of information produced by the Agricultural Research Service, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. HATCH (for himself and Mr. BREAU):

S. 1063. A bill to amend the Employee Retirement Income Security Act of 1974 to clarify the treatment of a qualified football coaches plan; to the Committee on Labor and Human Resources.

By Mr. ROCKEFELLER:

S. 1064. A bill to amend title XIX of the Social Security Act to clarify coverage of certified nurse-midwife services performed outside the maternity cycle under the medicaid programs; to the Committee on Finance.

By Mr. DECONCINI:

S. 1065. A bill to deny the People's Republic of China most-favored-nation trade treatment; to the Committee on Finance.

By Mr. RIEGLE (for himself and Mr. LEVIN):

S. 1066. A bill to restore Federal services to the Pokagon Band of Potawatomi Indians; to the Committee on Indian Affairs.

By Mr. MITCHELL (for Mr. KRUEGER):

S. 1067. A bill to authorize and encourage the President to conclude an agreement with Mexico to establish a United States-Mexico Border Health Commission; to the Committee on Foreign Relations.

By Mr. ROBB:

S. 1068. A bill to reduce the Federal budget deficit and encourage energy conservation through an increase in the motor fuels excise tax, and for other purposes; to the Committee on Finance.

By Mr. DURENBERGER:

S. 1069. A bill to require any person who is convicted of a State criminal offense against a victim who is a minor to register a current address with law enforcement officials of the



State for 10 years after release from prison, parole, or supervision; to the Committee on the Judiciary.

By Mr. LEVIN (for himself and Mr. STEVENS):

S. 1070. A bill to provide that certain politically appointed Federal officers may not receive cash awards for a certain period during a Presidential election year, to prohibit cash awards to Executive Schedule officers, and for other purposes; to the Committee on Governmental Affairs.

By Mr. COCHRAN:

S. 1071. A bill to provide that certain civil defense employees and employees of the Federal Emergency Management Agency may be eligible for certain public safety officers death benefits, and for other purposes; to the Committee on Governmental Affairs.

By Mr. BRADLEY:

S. 1072. A bill to amend the Social Security Act to provide assistance to States in providing services to support informal caregivers of individuals with functional limitations; to the Committee on Finance.

By Mr. SPECTER:

S. 1073. A bill to extend until December 31, 1994, the deadline for the State of Pennsylvania to submit certain provisions of a Clean Air Act implementation plan applicable to the Liberty Borough PM-10 Nonattainment Area, and for other purposes; to the Committee on Environment and Public Works.

By Mr. KERRY (for himself, Mr. CHAFEE, Mr. LIEBERMAN, and Mr. BAUCUS):

S. 1074. A bill to provide for the development and implementation of a national strategy to encourage and promote opportunities for the United States private sector to provide environmentally sound technology, goods, and services (especially source reduction and energy efficiency technology, goods, and services) to the global market, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

#### SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. BROWN (for himself, Mr. PRESSELER, Mr. DURENBERGER, Mrs. KASSABAUM, Mr. GRASSLEY, Mr. NICKLES, and Mr. CRAIG):

S. Res. 115. A resolution expressing the sense of the Senate regarding the need to eliminate price-gouging in the transportation of food assistance to Russia; to the Committee on Commerce, Science, and Transportation.

By Mr. LEAHY (for himself, Mr. GORTON, Mr. DASCHLE, Mr. BAUCUS, Mr. CAMPBELL, Mr. JOHNSTON, Mr. DECONCINI, and Mr. HARKIN):

S. Con. Res. 27. A bill to express the sense of Congress that funding should be provided to begin a phase-in toward full funding of the special supplemental food program for women, infants, and children (WIC) and of Head Start programs and to expand the Job Corps program, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. RIEGLE (for himself, Mr. MITCHELL, Mr. DOLE, Mr. PELL, Mr. HELMS, Mr. MOYNIHAN, Mr. BROWN, Mr. WALLOP, and Mr. LEVIN):

S. Con. Res. 28. A concurrent resolution expressing the sense of the Congress regarding the Taif Agreement and urging Syrian with-

drawal from Lebanon, and for other purposes; to the Committee on Foreign Relations.

#### STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ROTH (for himself, Mr. LOTT, Mr. DOLE, Mr. SIMPSON, Mr. COCHRAN, Mr. NICKLES, Mr. MACK, Mr. CRAIG, Mr. BENNETT, Mr. HATCH, Mr. WALLOP, Mr. THURMOND, Mr. STEVENS, Mr. HELMS, Mr. MURKOWSKI, Mr. BURNS, Mr. COATS, Mr. SMITH, Mr. FAIRCLOTH, and Mr. GREGG):

S. 1058. A bill to amend the Internal Revenue Code of 1986 to create real jobs in America through investment and savings incentives, to pay for such incentives by decreasing Federal spending, and for other purposes; to the Committee on Finance.

##### REAL JOBS FOR AMERICA ACT OF 1993

Mr. ROTH. Madam President, Americans are calling for dramatic changes from the Clinton approach to economic policy. They want Congress to go beyond the business-as-usual tax-and-spend approach President Clinton has taken. They want real reform that translates into real jobs, real family security, and real long-term economic strength for America.

Today I am introducing a bill that offers a completely different approach from the President. The President wants to raise taxes. Our bill would cut taxes. The President wants to increase the size of Government. This bill would cut the size of Government. The President's program will stifle economic growth and result in as many as 1.2 million lost jobs. This bill would spur economic growth and create more than 800,000 jobs.

The President has talked of change. He has asked the American people to sacrifice. But this is not a change, Congress has been requiring them to sacrifice for years now, by increasing taxes year after year, including 1982, 1984, 1985, 1987, 1989, and the largest tax increase in history in 1990. This bill offers real change. A tax cut paid for by real spending reductions guaranteed in law through spending caps. Change from Congress' business-as-usual of increasing taxes is exactly what this legislation proposes—legislation that finds support from a group of over 20 Senators.

And I want to thank my colleague, Senator LOTT from Mississippi, for his hard work and thoughtfulness in putting this plan together.

The Real Jobs for America Act represents a 180-degree turn from the so-called job stimulus that President Clinton offered to the Senate several weeks ago, where it was appropriately defeated. As we all know well, his was a program that would have cost almost \$20 billion. More importantly, his jobs

bill was a program that was not paid for.

What we propose, on the other hand, is a dramatic step in the opposite direction from President Clinton's economic plan—his plan that promises \$272 billion in net new taxes and only \$55 billion in spending cuts—his plan that calls for \$5 in increased taxes for every \$1 he offers in spending cuts. With numbers like those, is there any wonder why President Clinton's popularity is falling—what he is offering is more of the same—the 1970's revisited.

But the plan we present today is different, Madam President. And I might remind my colleagues that it is a plan President Clinton invited when he asked us to come up with something different if we did not like the old tax and spend ways he is advocating. This plan promises 800,000 new jobs, it promises deficit reduction, and it is fully paid for. It offers over \$50 billion in specific spending cuts and encourages economic growth and job creation, as well as savings incentives for the private sector through \$41 billion in tax incentives.

The Clinton so-called job stimulus plan, by contrast, offered absolutely nothing for private sector job creation incentives, and it largely relies on deficit financing to provide temporary Government jobs.

That is not what Americans want. It is not what our families need. And it certainly is no way to strengthen our country for global economic competition. However, the plan we are introducing today is what Americans want; it is what we need.

Instead of increasing the size and overbearing nature of Government, this plan harnesses the ingenuity of the private sector—the engine of real economic growth and opportunity. A dollar put to work in the private sector results in more jobs and more growth than a dollar taken up by Government spending. Americans know that. The taxpayer understands it. And they are going to support this plan.

It has been estimated by the minority staff of the Joint Economic Committee that this plan will generate 800,000 new jobs by 1998—and these are long-term, private-sector jobs—not temporary, Government make-work jobs. This plan will create jobs that will get the American economy moving again and restore consumer confidence.

Since we first unveiled this jobs plan, I have received calls from all over the Nation from people who support it—people who are enthusiastic, people who see this as the answer they have been waiting for.

Calls and letters have been coming in from housewives, senior citizens, small business owners, farmers, and many others. They support this plan because they recognize it represents the only real chance for getting the economy moving and creating jobs.

Our jobs program does something that the Clinton plan never could—it encourages employers to be optimistic about the future. This week's news that the Consumer Confidence Index has fallen to its lowest level since last October is only one indication that higher taxes will not improve our economy.

The American people clearly understand that Clinton's economic program and reliance on higher taxes will only depress the economy. Without a doubt, President Clinton's tax increase—the largest in U.S. history—will not result in economic recovery or more jobs. Taxes never have created wealth and they never will. You cannot tax America into prosperity, and one only needs to look at recent history to see why. When you take money out of the private sector you also take out initiative. You eliminate incentives for working, saving, investing.

Rather than hire and expand, businesses lay off and reduce work forces. Rather than spend and even invest, consumers retrench and wait to see what Government will do.

But not with this jobs bill. This bill presents the opportunity to turn the country around and take a course of action in a different direction from the President. We believe that this package of tax incentives will encourage growth and jobs, and we must move before it is too late. Consumer confidence is already falling.

Other economic figures are following, proving the ill effects that President Clinton's tax proposals are already having on businesses—especially with his tax proposals that are retroactive to January 1, 1993. His package does not wait to stifle growth and jobs. It has already begun!

The choices are clear, Madam President. There are two paths before us. The Clinton plan, which takes us to enormous tax increases, job loss, and bigger Government.

And, the Real Jobs for America Act of 1993 plan, which promises the kinds of jobs and real economic growth America needs. And these promises come paid for by real spending cuts.

We intend to offer this amendment at the earliest reasonable opportunity on the Senate floor, and I encourage all the Members of the Senate to cosponsor this program.

I ask unanimous consent that a copy of a description of the bill, and the bill itself be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1058

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Real Jobs for America Act of 1993".

### TITLE I—INVESTMENT AND SAVINGS INCENTIVES

#### SEC. 100. AMENDMENT OF 1986 CODE.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

#### Subtitle A—Reductions in Cost of Capital and Tax Penalties on Investment

#### SEC. 101. INDEXING OF CERTAIN ASSETS FOR PURPOSES OF DETERMINING GAIN OR LOSS.

(a) IN GENERAL.—Part II of subchapter O of chapter 1 (relating to basis rules of general application) is amended by inserting after section 1021 the following new section:

#### "SEC. 1022. INDEXING OF CERTAIN ASSETS FOR PURPOSES OF DETERMINING GAIN OR LOSS.

"(a) GENERAL RULE.—

"(1) INDEXED BASIS SUBSTITUTED FOR ADJUSTED BASIS.—Except as provided in paragraph (2), if an indexed asset which has been held for more than 3 years is sold or otherwise disposed of, for purposes of this title the indexed basis of the asset shall be substituted for its adjusted basis.

"(2) EXCEPTION FOR DEPRECIATION, ETC.—The deduction for depreciation, depletion, and amortization shall be determined without regard to the application of paragraph (1) to the taxpayer or any other person.

"(b) INDEXED ASSET.—

"(1) IN GENERAL.—For purposes of this section, the term 'indexed asset' means—

"(A) stock in a corporation,

"(B) tangible property (or any interest therein) which is a capital asset or property used in the trade or business (as defined in section 1231(b)), and

"(C) the principal residence of the taxpayer (within the meaning of section 1034).

"(2) CERTAIN PROPERTY EXCLUDED.—For purposes of this section, the term 'indexed asset' does not include—

"(A) CREDITOR'S INTEREST.—Any interest in property which is in the nature of a creditor's interest.

"(B) OPTIONS.—Any option or other right to acquire an interest in property.

"(C) NET LEASE PROPERTY.—In the case of a lessor, net lease property (within the meaning of subsection (h)(1)).

"(D) CERTAIN PREFERRED STOCK.—Stock which is fixed and preferred as to dividends and does not participate in corporate growth to any significant extent.

"(E) STOCK IN CERTAIN CORPORATIONS.—Stock in—

"(i) an S corporation (within the meaning of section 1361),

"(ii) a personal holding company (as defined in section 542), and

"(iii) a foreign corporation.

"(F) COLLECTIBLES.—Any collectible (as defined in section 408(m)(2)).

"(3) EXCEPTION FOR STOCK IN FOREIGN CORPORATION WHICH IS REGULARLY TRADED ON NATIONAL OR REGIONAL EXCHANGE.—Clause (iii) of paragraph (2)(E) shall not apply to stock in a foreign corporation the stock of which is listed on the New York Stock Exchange, the American Stock Exchange, or any domestic regional exchange for which quotations are published on a regular basis other than—

"(A) stock of a foreign investment company (within the meaning of section 1246(b)), and

"(B) stock in a foreign corporation held by a United States person who meets the requirements of section 1248 (a)(2).

"(c) INDEXED BASIS.—For purposes of this section—

"(1) INDEXED BASIS.—The indexed basis for any asset is—

"(A) the adjusted basis of the asset, multiplied by

"(B) the applicable inflation ratio.

"(2) APPLICABLE INFLATION RATIO.—The applicable inflation ratio for any asset is the percentage arrived at by dividing—

"(A) the CPI for the calendar year preceding the calendar year in which the disposition takes place, by

"(B) the CPI for the calendar year 1992 (or, if later, the calendar year preceding the calendar year in which the asset was acquired by the taxpayer).

The applicable inflation ratio shall not be taken into account unless it is greater than 1. The applicable inflation ratio for any asset shall be rounded to the nearest one-tenth of 1 percent.

"(3) CPI.—The CPI for any calendar year shall be determined under section 1(f)(4).

"(d) SPECIAL RULES.—For purposes of this section—

"(1) TREATMENT AS SEPARATE ASSET.—In the case of any asset, the following shall be treated as a separate asset:

"(A) a substantial improvement to property.

"(B) in the case of stock of a corporation, a substantial contribution to capital, and

"(C) any other portion of an asset to the extent that separate treatment of such portion is appropriate to carry out the purposes of this section.

"(2) ASSETS WHICH ARE NOT INDEXED ASSETS THROUGHOUT HOLDING PERIOD.—

"(A) IN GENERAL.—The applicable inflation ratio shall be appropriately reduced for calendar months at any time during which the asset was not an indexed asset.

"(B) CERTAIN SHORT SALES.—For purposes of applying subparagraph (A), an asset shall be treated as not an indexed asset for any short sale period during which the taxpayer or the taxpayer's spouse sells short property substantially identical to the asset. For purposes of the preceding sentence, the short sale period begins on the day after the substantially identical property is sold and ends on the closing date for the sale.

"(3) TREATMENT OF CERTAIN DISTRIBUTIONS.—A distribution with respect to stock in a corporation which is not a dividend shall be treated as a disposition.

"(4) SECTION CANNOT INCREASE ORDINARY LOSS.—To the extent that (but for this paragraph) this section would create or increase a net ordinary loss to which section 1231(a)(2) applies or an ordinary loss to which any other provision of this title applies, such provision shall not apply. The taxpayer shall be treated as having a long-term capital loss in an amount equal to the amount of the ordinary loss to which the preceding sentence applies.

"(5) ACQUISITION DATE WHERE THERE HAS BEEN PRIOR APPLICATION OF SUBSECTION (a)(1) WITH RESPECT TO THE TAXPAYER.—If there has been a prior application of subsection (a)(1) to an asset while such asset was held by the taxpayer, the date of acquisition of such asset by the taxpayer shall be treated as not earlier than the date of the most recent such prior application.

"(6) COLLAPSIBLE CORPORATIONS.—The application of section 341(a) (relating to collapsible corporations) shall be determined without regard to this section.

"(e) CERTAIN CONDUIT ENTITIES.—

"(1) REGULATED INVESTMENT COMPANIES; REAL ESTATE INVESTMENT TRUSTS; COMMON TRUST FUNDS.—



"(A) IN GENERAL.—Stock in a qualified investment entity shall be an indexed asset for any calendar month in the same ratio as the fair market value of the assets held by such entity at the close of such month which are indexed assets bears to the fair market value of all assets of such entity at the close of such month.

"(B) RATIO OF 90 PERCENT OR MORE.—If the ratio for any calendar month determined under subparagraph (A) would (but for this subparagraph) be 90 percent or more, such ratio for such month shall be 100 percent.

"(C) RATIO OF 10 PERCENT OR LESS.—If the ratio for any calendar month determined under subparagraph (A) would (but for this subparagraph) be 10 percent or less, such ratio for such month shall be zero.

"(D) VALUATION OF ASSETS IN CASE OF REAL ESTATE INVESTMENT TRUSTS.—Nothing in this paragraph shall require a real estate investment trust to value its assets more frequently than once each 36 months (except where such trust ceases to exist). The ratio under subparagraph (A) for any calendar month for which there is no valuation shall be the trustee's good faith judgment as to such valuation.

"(E) QUALIFIED INVESTMENT ENTITY.—For purposes of this paragraph, the term 'qualified investment entity' means—

"(i) a regulated investment company (within the meaning of section 851).

"(ii) a real estate investment trust (within the meaning of section 856), and

"(iii) a common trust fund (within the meaning of section 584).

"(2) PARTNERSHIPS.—In the case of a partnership, the adjustment made under subsection (a) at the partnership level shall be passed through to the partners.

"(3) SUBCHAPTER S CORPORATIONS.—In the case of an electing small business corporation, the adjustment under subsection (a) at the corporate level shall be passed through to the shareholders.

"(f) DISPOSITIONS BETWEEN RELATED PERSONS.—

"(1) IN GENERAL.—This section shall not apply to any sale or other disposition of property between related persons except to the extent that the basis of such property in the hands of the transferee is a substituted basis.

"(2) RELATED PERSONS DEFINED.—For purposes of this section, the term 'related persons' means—

"(A) persons bearing a relationship set forth in section 267(b), and

"(B) persons treated as single employer under subsection (b) or (c) of section 414.

"(g) TRANSFERS TO INCREASE INDEXING ADJUSTMENT OR DEPRECIATION ALLOWANCE.—If any person transfers cash, debt, or any other property to another person and the principal purpose of such transfer is—

"(1) to secure or increase an adjustment under subsection (a), or

"(2) to increase (by reason of an adjustment under subsection (a)) a deduction for depreciation, depletion, or amortization, the Secretary may disallow part or all of such adjustment or increase.

"(h) DEFINITIONS.—For purposes of this section—

"(1) NET LEASE PROPERTY DEFINED.—The term 'net lease property' means leased real property where—

"(A) the term of the lease (taking into account options to renew) was 50 percent or more of the useful life of the property, and

"(B) for the period of the lease, the sum of the deductions with respect to such property which are allowable to the lessor solely by

reason of section 162 (other than rents and reimbursed amounts with respect to such property) is 15 percent or less of the rental income produced by such property.

"(2) STOCK INCLUDES INTEREST IN COMMON TRUST FUND.—The term 'stock in a corporation' includes any interest in a common trust fund (as defined in section 584(a)).

"(i) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section."

(b) ADJUSTMENT TO APPLY FOR PURPOSES OF DETERMINING EARNINGS AND PROFITS.—Subsection (f) of section 312 of such Code (relating to effect on earnings and profits of gain or loss and of receipt of tax-free distributions) is amended by adding at the end thereof the following new paragraph:

"(3) EFFECT ON EARNINGS AND PROFITS OF INDEXED BASIS.—For substitution of indexed basis for adjusted basis in the case of the disposition of certain assets on or after January 1, 1993, see section 1022(a)(1)."

(c) CLERICAL AMENDMENT.—The table of sections for part II of subchapter O of such chapter 1 is amended by inserting after the item relating to section 1021 the following new item:

"Sec. 1022. Indexing of certain assets for purposes of determining gain or loss."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to dispositions on or after January 1, 1993, in taxable years ending after such date.

#### SEC. 102. MODIFICATION TO MINIMUM TAX DEPRECIATION RULES.

(a) GENERAL RULE.—Paragraph (1) of section 56(a) (relating to depreciation) is amended by redesignating subparagraphs (B), (C), and (D) as subparagraphs (C), (D), and (E), respectively, and by inserting after subparagraph (A) the following new subparagraph:

"(B) TREATMENT OF CERTAIN PERSONAL PROPERTY PLACED IN SERVICE AFTER JUNE 30, 1993.—

"(1) IN GENERAL.—In the case of any property to which this subparagraph applies, the depreciation deduction allowable under section 167 shall be determined under the alternative system under section 168(g), except that the method of depreciation used shall be the method used for purposes of section 168.

"(ii) PROPERTY TO WHICH SUBPARAGRAPH APPLIES.—This subparagraph shall apply to any tangible property placed in service after June 30, 1993, except that this subparagraph shall not apply to any residential rental property or nonresidential real property (within the meaning of section 168(e)).

"(iii) COORDINATION WITH SUBPARAGRAPH (A).—Subparagraph (A) shall not apply to any property to which this subparagraph applies."

(b) ELIMINATION OF ACE DEPRECIATION ADJUSTMENT.—Clause (i) of section 56(g)(4)(A) (relating to depreciation adjustments for computing adjusted current earnings) is amended by adding at the end thereof the following new sentence: "The preceding sentence shall not apply to any property to which subsection (a)(1)(B) applies, and the depreciation deduction with respect to such property shall be determined under the rules of subsection (a)(1)(B)."

(c) CONFORMING AMENDMENTS.—Section 56(g)(4) is amended by striking subparagraphs (E), (F), and (G) and by redesignating subparagraph (I) as subparagraph (E).

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this

section shall apply to property placed in service after June 30, 1993.

(2) CONFORMING CHANGES.—The amendments made by subsection (c) shall apply to exchanges, acquisitions, and ownership changes after the date of the enactment of this Act.

(3) COORDINATION WITH TRANSITIONAL RULES.—The amendments made by this section shall not apply to any property to which paragraph (1) of section 56(a) of the Internal Revenue Code of 1986 does not apply by reason of subparagraph (D)(i) thereof (as redesignated by subsection (a) of this section).

#### Subtitle B—Investment in Small Business

#### SEC. 111. INCREASE IN EXPENSE TREATMENT FOR SMALL BUSINESS.

(a) GENERAL RULE.—Paragraph (1) of section 179(b) (relating to dollar limitation) is amended by striking "\$10,000" and inserting "\$25,000".

(b) INDEXATION.—Section 179(b) is amended by adding at the end the following new paragraph:

"(5) INDEXATION.—In the case of any taxable year beginning after 1994, the \$25,000 amount under paragraph (1) shall be increased by an amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, except that section 1(f)(3)(B) shall be applied by substituting '1993' for '1989'. The amount determined under the preceding sentence shall be rounded to the nearest multiple of \$100."

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after June 30, 1992.

#### Subtitle C—Increased Savings Through Individual Retirement Accounts

#### PART I—IRA DEDUCTION

#### SEC. 121. RESTORATION OF IRA DEDUCTION.

(a) IN GENERAL.—Section 219 (relating to deduction for retirement savings) is amended by striking subsection (g) and by redesignating subsection (h) as subsection (g).

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Subsection (f) of section 219 is amended by striking paragraph (7).

(2) Paragraph (5) of section 408(d) is amended by striking the last sentence.

(3) Section 408(o) is amended by adding at the end thereof the following new paragraph:

"(5) TERMINATION.—This subsection shall not apply to any designated nondeductible contribution for any taxable year beginning after December 31, 1995."

(4) Subsection (b) of section 4973 is amended by striking the last sentence.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

(2) SPECIAL ACCOUNTS.—For purposes of applying section 408A of the Internal Revenue Code of 1986 (as added by section 131), the amendments made by this section shall apply to taxable years beginning after December 31, 1993 (and to qualified transfers after the date of the enactment of this Act).

#### SEC. 122. INFLATION ADJUSTMENT FOR DEDUCTIBLE AMOUNT.

(a) IN GENERAL.—Section 219, as amended by section 121, is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

"(g) COST-OF-LIVING ADJUSTMENTS.—

"(1) IN GENERAL.—If the cost-of-living amount for any calendar year is equal to or greater than \$500, then each applicable dollar

amount (as previously adjusted under this subsection) for any taxable year beginning in any subsequent calendar year shall be increased by \$500.

"(2) COST-OF-LIVING AMOUNT.—The cost-of-living amount for any calendar year is the excess (if any) of—

"(A) \$2,000, increased by the cost-of-living adjustment for such calendar year, over

"(B) the applicable dollar amount in effect under subsection (b)(1)(A) for taxable years beginning in such calendar year.

"(3) COST-OF-LIVING ADJUSTMENT.—For purposes of this subsection—

"(A) IN GENERAL.—The cost-of-living adjustment for any calendar year is the percentage (if any) by which—

"(i) the CPI for such calendar year, exceeds

"(ii) the CPI for 1994.

"(B) CPI FOR ANY CALENDAR YEAR.—The CPI for any calendar year shall be determined in the same manner as under section 1(f)(4).

"(4) APPLICABLE DOLLAR AMOUNT.—For purposes of this subsection, the term 'applicable dollar amount' means the dollar amount in effect under any of the following provisions:

"(A) Subsection (b)(1)(A).

"(B) Subsection (c)(2)(A)(i).

"(C) The last sentence of subsection (c)(2)." (b) CONFORMING AMENDMENTS.—

(1) Section 408(a)(1) is amended by striking "in excess of \$2,000 on behalf of any individual" and inserting "on behalf of any individual in excess of the amount in effect for such taxable year under section 219(b)(1)(A)".

(2) Section 408(b)(2)(B) is amended by striking "\$2,000" and inserting "the dollar amount in effect under section 219(b)(1)(A)".

(3) Section 408(d)(5) is amended by striking "\$2,250" and inserting "the dollar amount in effect for such taxable year under section 219(c)(2)(A)(i)".

(4) Section 408(j) is amended by striking "\$2,000".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

#### SEC. 123. COORDINATION OF IRA DEDUCTION LIMIT WITH ELECTIVE DEFERRAL LIMIT.

(a) IN GENERAL.—Section 219(b) (relating to maximum amount of deduction) is amended by adding at the end thereof the following new paragraph:

"(4) COORDINATION WITH ELECTIVE DEFERRAL LIMIT.—The amount determined under paragraph (1) or subsection (c)(2) with respect to any individual for any taxable year shall not exceed the excess (if any) of—

"(A) the maximum amount of elective deferrals of the individual which are excludable from gross income for the taxable year under section 402(g)(1), over

"(B) the amount so excluded."

(b) CONFORMING AMENDMENT.—Section 219(c) is amended by adding at the end thereof the following new paragraph:

"(3) CROSS REFERENCE.—

"For reduction in paragraph (2) amount, see subsection (b)(4)."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

#### PART II—NONDEDUCTIBLE TAX-FREE IRAs

#### SEC. 131. ESTABLISHMENT OF NONDEDUCTIBLE TAX-FREE INDIVIDUAL RETIREMENT ACCOUNTS.

(a) IN GENERAL.—Subpart A of part I of subchapter D of chapter 1 (relating to pension, profit-sharing, stock bonus plans, etc.) is amended by inserting after section 408 the following new section:

#### "SEC. 408A. INDIVIDUAL RETIREMENT PLUS ACCOUNTS.

"(a) GENERAL RULE.—Except as provided in this section, an individual retirement plus account shall be treated for purposes of this title in the same manner as an individual retirement plan.

"(b) INDIVIDUAL RETIREMENT PLUS ACCOUNT.—For purposes of this title, the term 'individual retirement plus account' means an individual retirement plan which is designated at the time of establishment of the plan as an individual retirement plus account.

"(c) TREATMENT OF CONTRIBUTIONS.—

"(1) NO DEDUCTION ALLOWED.—No deduction shall be allowed under section 219 for a contribution to an individual retirement plus account.

"(2) CONTRIBUTION LIMIT.—The aggregate amount of contributions for any taxable year to all individual retirement plus accounts maintained for the benefit of an individual shall not exceed the excess (if any) of—

"(A) the maximum amount allowable as a deduction under section 219 with respect to such individual for such taxable year, over

"(B) the amount so allowed.

"(3) SPECIAL RULES FOR QUALIFIED TRANSFERS.—

"(A) IN GENERAL.—No rollover contribution may be made to an individual retirement plus account unless it is a qualified transfer.

"(B) LIMIT NOT TO APPLY.—The limitation under paragraph (2) shall not apply to a qualified transfer to an individual retirement plus account.

"(d) TAX TREATMENT OF DISTRIBUTIONS.—

"(1) IN GENERAL.—Except as provided in this subsection, any amount paid or distributed out of an individual retirement plus account shall not be included in the gross income of the distributee.

"(2) EXCEPTION FOR EARNINGS ON CONTRIBUTIONS HELD LESS THAN 5 YEARS.—

"(A) IN GENERAL.—Any amount distributed out of an individual retirement plus account which consists of earnings allocable to contributions made to the account during the 5-year period ending on the day before such distribution shall be included in the gross income of the distributee for the taxable year in which the distribution occurs.

"(B) ORDERING RULE.—

"(i) FIRST-IN, FIRST-OUT RULE.—Distributions from an individual retirement plus account shall be treated as having been made—

"(I) first from the earliest contribution (and earnings allocable thereto) remaining in the account at the time of the distribution, and

"(II) then from other contributions (and earnings allocable thereto) in the order in which made.

"(ii) ALLOCATIONS BETWEEN CONTRIBUTIONS AND EARNINGS.—Any portion of a distribution allocated to a contribution (and earnings allocable thereto) shall be treated as allocated first to the earnings and then to the contribution.

"(iii) ALLOCATION OF EARNINGS.—Earnings shall be allocated to a contribution in such manner as the Secretary may by regulations prescribe.

"(iv) CONTRIBUTIONS IN SAME YEAR.—Except as provided in regulations, all contributions made during the same taxable year may be treated as 1 contribution for purposes of this subpart.

"(C) CROSS REFERENCE.—

"For additional tax for early withdrawal, see section 72(t).

"(3) QUALIFIED TRANSFER.—

"(A) IN GENERAL.—Paragraph (2) shall not apply to any distribution which is trans-

ferred in a qualified transfer to another individual retirement plus account.

"(B) CONTRIBUTION PERIOD.—For purposes of paragraph (2), the individual retirement plus account to which any contributions are transferred shall be treated as having held such contributions during any period such contributions were held (or are treated as held under this subparagraph) by the individual retirement plus account from which transferred.

"(4) SPECIAL RULES RELATING TO CERTAIN TRANSFERS.—

"(A) IN GENERAL.—Notwithstanding any other provision of law, in the case of a qualified transfer to an individual retirement plus account from an individual retirement plan or qualified plan which is not an individual retirement plus account—

"(i) there shall be included in gross income any amount which, but for the qualified transfer, would be includible in gross income, but

"(ii) section 72(t) shall not apply to such amount.

"(B) 4-YEAR RATABLY INCLUSION.—In the case of any qualified transfer described in subparagraph (A) which is made during the phase-in period, any amount includible in gross income under subparagraph (A) with respect to such contribution shall be includible ratably over the 4-taxable year period beginning in the taxable year in which the amount was paid or distributed out of the individual retirement plan.

"(C) PHASE-IN PERIOD.—For purposes of subparagraph (B), the term 'phase-in period' means the period beginning on the date of the enactment of this section and ending on the last day of the 2d calendar year following the calendar year in which such date of enactment occurs."

"(e) QUALIFIED TRANSFER.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified transfer' means a transfer to an individual retirement plus account—

"(A) from another such account; or

"(B) from an individual retirement plan or qualified plan, but only if such transfer meets the requirements of section 408(d)(3).

"(2) QUALIFIED PLAN.—The term 'qualified plan' means any trust or contract described in section 72(e)(5)(D) (i) or (ii).

(b) EARLY WITHDRAWAL PENALTY.—Section 72(t), as amended by section 141(c), is amended by adding at the end thereof the following new paragraph:

"(8) RULES RELATING TO SPECIAL INDIVIDUAL RETIREMENT ACCOUNTS.—In the case of an individual retirement plus account under section 408A—

"(A) this subsection shall only apply to distributions out of such account which consist of earnings allocable to contributions made to the account during the 5-year period ending on the day before such distribution, and

"(B) paragraph (2)(A)(i) shall not apply to any distribution described in subparagraph (A)."

(c) EXCESS CONTRIBUTIONS.—Section 4973(b) is amended by adding at the end thereof the following new sentence: "For purposes of paragraphs (1)(B) and (2)(C), the amount allowable as a deduction under section 219 shall be computed without regard to section 408A."

(d) CONFORMING AMENDMENT.—The table of sections for subpart A of part I of subchapter D of chapter 1 is amended by inserting after the item relating to section 408 the following new item:

"Sec. 408A. Individual retirement plus accounts."



## (e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1993.

(2) QUALIFIED TRANSFERS IN 1993.—The amendments made by this section shall apply to any qualified transfer after the date of the enactment of this Act.

**PART III—PENALTY-FREE DISTRIBUTIONS****SEC. 141. DISTRIBUTIONS FROM CERTAIN PLANS MAY BE USED WITHOUT PENALTY TO PURCHASE FIRST HOMES, TO PAY HIGHER EDUCATION OR FINANCIALLY DEVASTATING MEDICAL EXPENSES, OR BY THE LONG-TERM UNEMPLOYED.**

(a) IN GENERAL.—Paragraph (2) of section 72(t) (relating to exceptions to 10-percent additional tax on early distributions from qualified retirement plans) is amended by adding at the end thereof the following new subparagraph:

“(D) DISTRIBUTIONS FROM CERTAIN PLANS FOR FIRST HOME PURCHASES OR EDUCATIONAL EXPENSES.—Distributions to an individual from an individual retirement plan, or from amounts attributable to employer contributions made pursuant to elective deferrals described in subparagraph (A) or (C) of section 402(g)(3) or section 501(c)(18)(D)(iii)—

“(i) which are qualified first-time homebuyer distributions (as defined in paragraph (6)); or

“(ii) to the extent such distributions do not exceed the qualified higher education expenses (as defined in paragraph (7)) of the taxpayer for the taxable year.”

(b) FINANCIALLY DEVASTATING MEDICAL EXPENSES.—

(1) IN GENERAL.—Section 72(t)(3)(A) is amended by striking “(B).”

(2) CERTAIN LINEAL DESCENDANTS AND ANCESTORS TREATED AS DEPENDENTS.—Subparagraph (B) of section 72(t)(2) is amended by striking “medical care” and all that follows and inserting “medical care determined—

“(i) without regard to whether the employee itemizes deductions for such taxable year, and

“(ii) by treating such employee's dependents as including—

“(I) all children and grandchildren of the employee or such employee's spouse, and

“(II) all ancestors of the employee or such employee's spouse.”

(3) CONFORMING AMENDMENT.—Subparagraph (B) of section 72(t)(2) is amended by striking “or (C)” and inserting “, (C) or (D).”

(c) DEFINITIONS.—Section 72(t) is amended by adding at the end thereof the following new paragraphs:

“(6) QUALIFIED FIRST-TIME HOMEBUYER DISTRIBUTIONS.—For purposes of paragraph (2)(D)(i)—

“(A) IN GENERAL.—The term ‘qualified first-time homebuyer distribution’ means any payment or distribution received by an individual to the extent such payment or distribution is used by the individual before the close of the 60th day after the day on which such payment or distribution is received to pay qualified acquisition costs with respect to a principal residence of a first-time homebuyer who is such individual or the spouse, child, or grandchild of such individual.

“(B) QUALIFIED ACQUISITION COSTS.—For purposes of this paragraph, the term ‘qualified acquisition costs’ means the costs of acquiring, constructing, or reconstructing a residence. Such term includes any usual or reasonable settlement, financing, or other closing costs.

“(C) FIRST-TIME HOMEBUYER; OTHER DEFINITIONS.—For purposes of this paragraph—

“(i) FIRST-TIME HOMEBUYER.—The term ‘first-time homebuyer’ means any individual if—

“(I) such individual (and if married, such individual's spouse) had no present ownership interest in a principal residence during the 3-year period ending on the date of acquisition of the principal residence to which this paragraph applies, and

“(II) subsection (a)(6), (h), or (k) of section 1034 did not suspend the running of any period of time specified in section 1034 with respect to such individual on the day before the date the distribution is applied pursuant to subparagraph (A).

“(ii) PRINCIPAL RESIDENCE.—The term ‘principal residence’ has the same meaning as when used in section 1034.

“(iii) DATE OF ACQUISITION.—The term ‘date of acquisition’ means the date—

“(I) on which a binding contract to acquire the principal residence to which subparagraph (A) applies is entered into, or

“(II) on which construction or reconstruction of such a principal residence is commenced.

“(D) SPECIAL RULE WHERE DELAY IN ACQUISITION.—If any distribution from any individual retirement plan fails to meet the requirements of subparagraph (A) solely by reason of a delay or cancellation of the purchase or construction of the residence, the amount of the distribution may be contributed to an individual retirement plan as provided in section 408(d)(3)(A)(i) (determined by substituting ‘120 days’ for ‘60 days’ in such section), except that—

“(i) section 408(d)(3)(B) shall not be applied to such contribution, and

“(ii) such amount shall not be taken into account in determining whether section 408(d)(3)(A)(i) applies to any other amount.

(7) QUALIFIED HIGHER EDUCATION EXPENSES.—For purposes of paragraph (2)(D)(ii)—

“(A) IN GENERAL.—The term ‘qualified higher education expenses’ means tuition, fees, books, supplies, and equipment required for the enrollment or attendance of—

“(i) the taxpayer,

“(ii) the taxpayer's spouse, or

“(iii) the taxpayer's child (as defined in section 151(c)(3)) or grandchild,

at an eligible educational institution (as defined in section 135(c)(3)).

“(B) COORDINATION WITH SAVINGS BOND PROVISIONS.—The amount of qualified higher education expenses for any taxable year shall be reduced by any amount excludable from gross income under section 135.”

(d) PENALTY-FREE DISTRIBUTIONS FOR CERTAIN UNEMPLOYED INDIVIDUALS.—Paragraph (2) of section 72(t) is amended by adding at the end thereof the following new subparagraph:

“(E) DISTRIBUTIONS TO UNEMPLOYED INDIVIDUALS.—A distribution from an individual retirement plan (other than a plan referred to in subclause (I) or (II) of paragraph (6)(A)(iii)) to an individual after separation from employment, if—

“(i) such individual has received unemployment compensation for 12 consecutive weeks under any Federal or State unemployment compensation law by reason of such separation, and

“(ii) such distributions are made during any taxable year during which such unemployment compensation is paid or the succeeding taxable year.

To the extent provided in regulations, a self-employed individual shall be treated as meeting the requirements of clause (i) if, under Federal or State unemployment com-

pensation, the individual would have received unemployment compensation for 12 consecutive weeks but for the fact the individual was self-employed.”

(e) SPECIAL RULE FOR CERTAIN DISASTER VICTIMS.—For purposes of section 72(t)(6) of the Internal Revenue Code of 1986, an individual whose principal residence was destroyed or substantially damaged by Hurricane Andrew, Hurricane Iniki, or Typhoon Omar shall be treated as a first-time homebuyer with respect to such residence if the individual rebuilds it or with respect to any other principal residence acquired to replace such residence.

(f) CONFORMING AMENDMENTS.—

(1) Section 401(k)(2)(B)(i) is amended by striking “or” at the end of subclause (III), by striking “and” at the end of subclause (IV) and inserting “or”, and by inserting after subclause (IV) the following new subclause:

“(V) the date on which qualified first-time homebuyer distributions (as defined in section 72(t)(6)) or distributions for qualified higher education expenses (as defined in section 72(t)(7)) are made, and”.

(2) Section 403(b)(11) is amended by striking “or” at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting “, or”, and by inserting after subparagraph (B) the following new subparagraph:

“(C) for qualified first-time homebuyer distributions (as defined in section 72(t)(6)) or for the payment of qualified higher education expenses (as defined in section 72(t)(7)).”

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to payments and distributions after December 31, 1993.

**SEC. 142. CONTRIBUTIONS MUST BE HELD AT LEAST 5 YEARS IN CERTAIN CASES.**

(a) IN GENERAL.—Section 72(t), as amended by section 131(b), is amended by adding at the end thereof the following new paragraph:

“(9) CERTAIN CONTRIBUTIONS MUST BE HELD 5 YEARS.—

“(A) IN GENERAL.—Paragraph (2)(A)(i) shall not apply to any amount distributed out of an individual retirement plan (other than an individual retirement plus account) which is allocable to contributions made to the plan during the 5-year period ending on the date of such distribution (and earnings on such contributions).

“(B) ORDERING RULE.—For purposes of this paragraph, distributions shall be treated as having been made—

“(i) first from the earliest contribution (and earnings allocable thereto) remaining in the account at the time of the distribution, and

“(ii) then from other contributions (and earnings allocable thereto) in the order in which made.

Earnings shall be allocated to contributions in such manner as the Secretary may prescribe.

“(C) SPECIAL RULE FOR ROLLOVERS.—

“(i) PENSION PLANS.—Subparagraph (A) shall not apply to distributions out of an individual retirement plan which are allocable to rollover contributions to which section 402(c), 403(a)(4), or 403(b)(8) applied.

“(ii) CONTRIBUTION PERIOD.—For purposes of subparagraph (A), amounts shall be treated as having been held by a plan during any period such contributions were held (or are treated as held under this clause) by any individual retirement plan from which transferred.

“(D) PLUS ACCOUNTS.—For rules applicable to individual retirement plus accounts under section 408A, see paragraph (8).”

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to contributions (and earnings allocable thereto) which are made after the date of the enactment of this Act.

**Subtitle D—Incentives for Private Businesses To Hire New Employees**

**SEC. 151. REFUNDABLE TAX CREDIT FOR HIRING NEW EMPLOYEES.**

(a) **IN GENERAL.**—Subpart C of part IV of subchapter A of chapter 1 (relating to refundable credits) is amended by redesignating section 35 as section 36 and by inserting after section 34 the following new section:

**"SEC. 35. EMPLOYMENT TAXES ON NEW EMPLOYEES.**

"(a) **ALLOWANCE OF CREDIT.**—There shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to the employment taxes paid on the qualified wages of eligible new employees of the employer.

"(b) **ELIGIBLE NEW EMPLOYEES.**—For purposes of this section—

"(1) **IN GENERAL.**—The term 'eligible new employee' means, with respect to any employer, an employee who first begins work for the employer during the period beginning July 1, 1993, and ending June 30, 1994, and

"(2) **REPLACEMENT EMPLOYEES NOT COUNTED.**—

"(A) **IN GENERAL.**—The number of employees treated as eligible new employees for any payroll period shall not exceed the excess (if any) of—

"(i) the number of full-time employees of the employer during the payroll period, over

"(ii) the average number of full-time employees of the employer during the 12-month period ending on June 30, 1993.

"(B) **ORDERING RULE.**—If subparagraph (A) results in a reduction in the number of employees who may be treated as eligible new employees for any payroll period, such reduction shall come from employees with the highest wages for such period.

"(c) **EMPLOYMENT TAXES; WAGES.**—For purposes of this section—

"(1) **EMPLOYMENT TAXES.**—The term 'employment taxes' means—

"(A) the amount of the taxes imposed by subsections (a) and (b) of section 3111 (relating to Social Security taxes),

"(B) the amount of the taxes imposed by section 3221 (relating to tier 1 railroad retirement taxes), and

"(C) the tax imposed by section 3301 (relating to unemployment taxes).

"(2) **QUALIFIED WAGES.**—

"(A) **IN GENERAL.**—The term 'qualified wages' means, with respect to any employee, wages paid or incurred by the employer which are attributable to services rendered by the employee during the 6-month period beginning with the day the employee begins work for the employer. Such term shall not include wages treated as qualified first-year wages under section 51.

"(B) **WAGES.**—The term 'wages' means any wages with respect to which employment taxes are required to be paid.

"(d) **SPECIAL RULES.**—Rules similar to the rules of subsections (f), (h), (i), and (k) of section 51 and the rules of section 52 shall apply for purposes of this section."

(b) **COORDINATION WITH REFUND PROVISION.**—For purposes of section 1324(b)(2) of title 31 of the United States Code, section 35 of the Internal Revenue Code of 1986 shall be considered to be a credit provision of the Internal Revenue Code of 1954 enacted before January 1, 1978.

(c) **CONFORMING AMENDMENTS.**—(1) Subparagraph (A) of section 51(i)(1) is amended

by inserting "or, if the taxpayer is an entity other than a corporation, to any individual who owns, directly or indirectly, more than 50 percent of the capital and profits interests in the entity," after "of the corporation".

(2) The table of sections for subpart C of part IV of subchapter A of chapter 1 is amended by striking the item relating to section 35 and inserting the following new items:

"Sec. 35. Employment taxes on new employees.

"Sec. 36. Overpayments of tax."

(d) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

**SEC. 152. REPEAL OF LUXURY EXCISE TAXES.**

(a) **IN GENERAL.**—Chapter 31 (relating to retail excise taxes) is amended by striking subchapter A and by redesignating subchapters B and C as subchapters A and B, respectively.

(b) **CONFORMING AMENDMENTS.**—

(1) The material preceding paragraph (1) of section 4221(a) is amended by striking "subchapter A or C of chapter 31" and inserting "section 4051".

(2) Subsection (a) of section 4221 is amended by striking the last sentence.

(3) Subsection (c) of section 4221 is amended by striking "section 4001(c), 4002(b), 4003(c), 4004(a), or 4053(a)(6)" and inserting "section 4053(a)(6)".

(4) Paragraph (1) of section 4221(d) is amended by striking "taxes imposed by subchapter A or C of chapter 31" and inserting "the tax imposed by section 4051".

(5) Subsection (d) of section 4222 is amended by striking "sections 4001(c), 4002(b), 4003(c), 4004(a), 4053(a)(6)" and inserting "sections 4053(a)(6)".

(6) Section 4293 is amended by striking "subchapter A of chapter 31".

(7) The table of subchapters for chapter 31 is amended to read as follows:

"SUBCHAPTER A. Special fuels.

"SUBCHAPTER B. Heavy trucks and trailers."

(c) **EXEMPTION FROM LUXURY EXCISE TAX FOR CERTAIN EQUIPMENT INSTALLED ON PASSENGER VEHICLES FOR USE BY DISABLED INDIVIDUALS.**—

(1) **IN GENERAL.**—Paragraph (3) of section 4004(b) (relating to separate purchase of article and parts and accessories therefor), as in effect on the day before the date of the enactment of this Act, is amended—

(A) by striking "or" at the end of subparagraph (A),

(B) by redesignating subparagraph (B) as subparagraph (C),

(C) by inserting after subparagraph (A) the following new subparagraph:

"(B) the part or accessory is installed on a passenger vehicle to enable or assist an individual with a disability to operate the vehicle, or to enter or exit the vehicle, by compensating for the effect of such disability, or", and

(D) by inserting after subparagraph (C) the following flush sentence:

"The price of any part or accessory (and its installation) to which paragraph (1) does not apply by reason of this paragraph shall not be taken into account under paragraph (2)(A)."

(2) **EFFECTIVE DATE.**—The amendments made by this subsection shall take effect as if included in the amendments made by section 11221(a) of the Omnibus Budget Reconciliation Act of 1990.

(3) **PERIOD FOR FILING CLAIMS.**—If refund or credit of any overpayment of tax resulting from the application of the amendments made by this subsection is prevented at any time before the close of the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law (including res judicata), refund or credit of such overpayment (to the extent attributable to such amendments) may, nevertheless, be made or allowed if claim therefore is filed before the close of such 1-year period.

(d) **EFFECTIVE DATE.**—Except as provided in subsection (c)(2), the amendments made by this section shall take effect on January 1, 1993.

**SEC. 153. APPLICATION OF PASSIVE LOSS RULES TO RENTAL REAL ESTATE ACTIVITIES.**

(a) **RENTAL REAL ESTATE ACTIVITIES OF PERSONS IN REAL PROPERTY BUSINESS NOT AUTOMATICALLY TREATED AS PASSIVE ACTIVITIES.**—Subsection (c) of section 469 (defining passive activity) is amended by adding at the end thereof the following new paragraph:

"(7) **SPECIAL RULES FOR TAXPAYERS IN REAL PROPERTY BUSINESS.**—

"(A) **IN GENERAL.**—If this paragraph applies to any taxpayer for a taxable year—

"(i) paragraph (2) shall not apply to any rental real estate activity of such taxpayer for such taxable year, and

"(ii) this section shall be applied as if each interest of the taxpayer in rental real estate were a separate activity.

Notwithstanding clause (ii), a taxpayer may elect to treat all interests in rental real estate as 1 activity. Nothing in the preceding provisions of this subparagraph shall be construed as affecting the determination of whether the taxpayer materially participates with respect to any interest in a limited partnership as a limited partner.

"(B) **TAXPAYERS TO WHOM PARAGRAPH APPLIES.**—This paragraph shall apply to a taxpayer for a taxable year if more than one-half of the personal services performed in trades or businesses by the taxpayer during such taxable year are performed in real property trades or businesses in which the taxpayer materially participates.

"(C) **REAL PROPERTY TRADE OR BUSINESS.**—For purposes of this paragraph, the term 'real property trade or business' means any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing, or brokerage trade or business.

"(D) **SPECIAL RULES FOR SUBPARAGRAPH (B).**—

"(i) **CLOSELY HELD C CORPORATIONS.**—In the case of a closely held C corporation, the requirements of subparagraph (B) shall be treated as met for any taxable year if more than 50 percent of the gross receipts of such corporation for such taxable year are derived from real property trades or businesses in which the corporation materially participates.

"(ii) **PERSONAL SERVICES AS AN EMPLOYEE.**—For purposes of subparagraph (B), personal services performed as an employee shall not be treated as performed in real property trades or businesses. The preceding sentence shall not apply if such employee is a 5-percent owner (as defined in section 416(i)(1)(B)) in the employer."

(b) **CONFORMING AMENDMENTS.**—

(1) Paragraph (2) of section 469(c) is amended by striking "The" and inserting "Except as provided in paragraph (7), the".

(2) Clause (iv) of section 469(i)(3)(E) is amended by inserting "or any loss allowable by reason of subsection (c)(7)" after "loss".



(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 1992.

## TITLE II—DEFICIT REDUCTIONS

### Subtitle A—Extension of the Caps on Discretionary Spending

#### SEC. 201. EXTENSION OF THE CAPS.

(a) **FISCAL YEAR 1993.**—For fiscal year 1993, the discretionary spending limits established in section 601(a)(2) of the Congressional Budget Act of 1974 as in effect on the date of enactment of this Act for the three categories for such fiscal year shall be reduced by an aggregate amount of \$1,200,000,000, with each individual category being reduced by the amount of savings in such category resulting from the enactment of section 211.

(b) **FISCAL YEARS 1994 AND 1995.**—The overall discretionary spending limits established in section 601(a)(2) of the Congressional Budget Act of 1974 for fiscal years 1994 and 1995 as in effect on the date of enactment of this Act are reduced by—

(1) \$3,991,000,000 in outlays for fiscal year 1994; and

(2) \$7,135,000,000 in outlays for fiscal year 1995.

(c) **FISCAL YEARS 1996, 1997, AND 1998.**—

(1) **IN GENERAL.**—For fiscal years 1996, 1997, and 1998, there shall be caps on discretionary spending as provided in section 601(a)(2) of the Congressional Budget Act of 1974 for fiscal years 1994 and 1995, subject to the provisions of paragraphs (2) and (3).

(2) **LEVEL OF LIMITS.**—The discretionary limits on new budget authority and outlays for fiscal years 1996, 1997, and 1998 shall be—

(A) the levels announced in H. Con. Res. 64, agreed to March 31, 1993, for such fiscal years, reduced by

(B)(i) \$8,001,000,000, in outlays for fiscal year 1996;

(ii) \$9,022,000,000, in outlays for fiscal year 1997; and

(iii) \$9,843,000,000, in outlays for fiscal year 1998.

(3) **EXTENSION OF LAW.**—The provisions of the Balanced Budget and Emergency Deficit Control Act of 1985 and the Congressional Budget Act of 1974 relating to the enforcement of the discretionary spending limit for fiscal years 1994 and 1995 are extended through fiscal year 1998 for the purpose of enforcing the limits set forth in this subsection.

### Subtitle B—Spending Cuts

#### SEC. 211. ADMINISTRATIVE EXPENSES.

(a) **IN GENERAL.**—Of the amounts provided in previous fiscal year 1993 appropriations Acts and available budget authority under previous appropriations Acts, such amounts of budgetary resources are rescinded so as to equal \$1,200,000,000 in outlays as provided in subsections (b) and (c).

(b) **OMB REDUCTIONS.**—

(1) **IN GENERAL.**—The Director of the Office of Management and Budget shall make uniform percentage reductions in budget authority in Federal agency administrative expenses, except that no reduction shall be made in current rates of pay under current law.

(2) **NO APPROPRIATIONS ACT.**—To the extent budgetary resources are not provided in appropriations Acts, the Director shall make the same uniform percentage reduction as required in paragraph (1) in Federal administrative expenses as determined in section 256(h) of the Balanced Budget and Emergency Deficit Control Act of 1985.

(c) **DEFINITION.**—For the purposes of this section, Federal agency administrative expenses are defined as object classes 10 (ex-

cluding object classes 12.1, 12.2, and 13.0), 20 (excluding object class 23.1), and 30.

#### SEC. 212. PERMANENT ELIMINATION OF THE ALTERNATIVE FORM OF ANNUITY OPTION EXCEPT FOR INDIVIDUALS WITH A CRITICAL MEDICAL CONDITION.

(a) **CIVIL SERVICE RETIREMENT SYSTEM; FEDERAL EMPLOYEES' RETIREMENT SYSTEM.**—Sections 8343a and 8420a of title 5, United States Code, are each amended—

(1) in subsection (a) by striking "an employee or Member may," and inserting "any employee or Member who has a life-threatening affliction or other critical medical condition may,"; and

(2) by striking subsection (f).

(b) **FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM.**—Section 807(e)(1) of the Foreign Service Act of 1980 (22 U.S.C. 4047(e)(1)) is amended by striking "a participant may," and inserting "any participant who has a life-threatening affliction or other critical medical condition may,".

(c) **CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM.**—Section 294(a) of the Central Intelligence Agency Retirement Act (50 U.S.C. 2143(a)), as set forth in section 802 of the CIARDS Technical Corrections Act of 1992 (Public Law 102-496; 106 Stat. 3196), is amended by striking "a participant may," and inserting "any participant who has a life-threatening affliction or other critical medical condition may,".

(d) **EFFECTIVE DATE.**—The amendments made by this section shall become effective on January 1, 1994, and shall apply with respect to any annuity commencing on or after that date.

#### SEC. 213. GROUP HEALTH PLAN INFORMATION REPORTING.

(a) **IN GENERAL.**—Subsection (a) of section 6051 of the Internal Revenue Code of 1986 (relating to receipts for employees) is amended—

(1) by striking "and" at the end of paragraph (8),

(2) by striking the period at the end of paragraph (9) and inserting ", and", and

(3) by inserting after paragraph (9) the following new paragraph:

"(10) whether a group health plan (as defined in section 6103(l)(12)(E)(ii)) is available to the employee and the plan coverage (single or family) elected by such employee (if any)."

(b) **DISCLOSURE OF INFORMATION.**—Paragraph (12) of section 6103(l) of the Internal Revenue Code of 1986 (relating to disclosure of returns and return information for purposes other than tax administration) is amended—

(1) by striking "the Administrator of the Health Care Financing Administration, disclose to the Administrator" in subparagraph (B) and inserting "the applicable official, disclose to such official",

(2) by adding at the end of subparagraph (B) the following new clause:

"(iv) With respect to each such medicare beneficiary and spouse (if any), the group health plan information required under section 6051(a)(10)."

(3) by striking the matter preceding clause (i) of subparagraph (C) and inserting the following:

"(C) **DISCLOSURE BY OFFICIAL.**—With respect to the information disclosed under subparagraph (B), the applicable official may disclose—"

(4) by striking "as having received wages from the employer" in subparagraph (C)(i),

(5) by striking "such Administrator" each place it appears in subparagraph (C)(iii) and inserting "such official",

(6) by striking clause (iii) of subparagraph (E), and inserting the following new clause:

"(iii) **APPLICABLE OFFICIAL.**—The term 'applicable official' means—

"(I) the Administrator of the Health Care Financing Administration,

"(II) the Secretary of Defense,

"(III) the Secretary of Veterans Affairs, and

"(IV) the Director of the Office of Personnel Management,".

(7) by striking "qualified employer" each place it appears and inserting "employer",

(8) by striking subparagraph (F), and

(9) by inserting "AND GROUP HEALTH PLAN" in the heading thereof.

(c) **DATA BANK.**—Paragraph (5) of section 1862(b) of the Social Security Act (42 U.S.C. 1395y(b)) is amended by adding at the end thereof the following new subparagraph:

"(F) **MEDICARE SECONDARY PAYER DATA BANK.**—The Secretary shall collect and store in a data bank established for purposes of this subsection the information provided to the Secretary by entities as described in this paragraph along with such further information on medicare secondary payer situations as the Secretary deems appropriate not later than July 1, 1994."

(d) **CONFORMING AMENDMENTS.**—Paragraph (5) of section 1862(b) of the Social Security Act (42 U.S.C. 1395y(b)) is amended—

(1) by striking "a qualified employer (as defined in section 6103(l)(12)(D)(iii) of such Code)" in subparagraph (C)(i) and inserting "an employer", and

(2) by striking clause (iii) of subparagraph (C).

(e) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 1992.

#### SEC. 214. ADDITIONAL SPENDING REDUCTIONS.

It is the sense of the Congress that the reductions in discretionary spending as set forth in section 201 of this Act shall be achieved by—

(1) reducing Federal aid for mass transit;

(2) eliminating highway demonstration programs;

(3) modifying the Service Contract Act by eliminating the successorship provision;

(4) reducing Federal employment by 150,000 employees;

(5) reducing Federal Government administrative expenses;

(6) modifying vacation leave for Federal managers;

(7) reducing legislative branch administrative expenses;

(8) eliminating the Interstate Commerce Commission;

(9) closing and privatizing the Federal Helium Reserve;

(10) reducing Legal Services funding by 50 per cent;

(11) terminating the Copyright Royalty Commission; and

(12) reducing funding for the European Bank for Reconstruction and Development, the Special Defense Acquisition Fund, and freezing funding for International Development Authority.

#### Job creation plan—paid for in full

##### Job creation incentives:

	Jobs created by 1998
Index capital gains (prospectively for all assets) .....	250,000
Increase expensing deduction under \$179 to \$25,000 from \$10,000 .....	150,000
Bentsen-Roth super IRA and penalty-free early withdrawals .....	250,000

	<i>Jobs created by 1998</i>
Alternative minimum tax changes .....	30,000
13.85 percent income tax credit .....	50,000
Passive loss rule changes .....	40,000
Repeal luxury excise taxes .....	30,000

Total jobs created by 1998 ... 800,000

NOTE.—Estimates prepared by the Minority Staff of the Joint Economic Committee.

#### REAL JOBS FOR AMERICA—DESCRIPTION OF TAX PROVISIONS

##### REDUCE THE COST OF CAPITAL AND TAX PENALTIES ON INVESTMENT

###### 1. Indexing for Capital Gains

###### Fairness in the Tax Laws

Under current law, a taxpayer's basis in his assets for purposes of determining his capital gains tax is determined by historical costs of the asset. However, a taxpayer can have gains for tax purposes even though the real value of the assets (i.e. adjusted for inflation) has not increased.

Because it is unfair to tax inflation, the proposal provides for inflation adjustments to a taxpayer's basis for purposes of determining gain on the disposition of assets held more than one year.

###### Assets Covered

The proposal would provide for an inflation adjustment to the basis of assets held for more than one year, including corporate stock, homes and tangible property which are capital assets used in a trade or business owned by individuals.

The adjustment applies to assets sold after January 1, 1993, and indexing applies on a prospective basis, both to assets currently owned and those purchased in the future.

Assets excluded from the indexing proposal would include collectibles, debt, warrants/options and depreciable assets of a C corporation.

###### Amount of the Adjustment

The adjustment is based on the increase in the consumer price index (CPI) between the calendar year prior to the year in which the asset was acquired and the year prior to the year in which the disposition takes place.

###### 2. Cost Recovery Improved Under Alternative Minimum Tax

###### Current AMT Penalty is Redundant & Penalizes Investment

Under current law, many capital intensive taxpayers are penalized twice under the alternative minimum tax by the depreciation adjustment under that system. Under the Modified Accelerated Cost Recovery System (MACRS) a 200% declining balance method over recovery periods shorter than the asset's class life is generally allowed. But in computing the AMT, the recovery system is reduced to 150% declining balance over the asset class lives. And, under a second adjustment, called the adjusted current earnings (ACE) adjustment, depreciation is computed using the straight-line (100%) method over the class life of the property.

Because the current system penalizes capital intensive businesses not once, but twice, it is a severe disincentive to capital investment and consequently, job creation. Its bad economic effects are magnified for growing capital intensive businesses, and for start up businesses or ones with depressed earnings.

###### New Cost Recovery System for Future Purchases of Assets

This proposal would eliminate the ACE adjustment for assets purchased after July 1, 1993, and modify the current AMT adjust-

ment used in determining alternative minimum taxable income. Under the new AMT adjustment, taxpayers would use the ADS life expectancy as they do under current law, however, the rate of depreciation would be the same as the rate for regular tax purposes.

Eliminating the ACE adjustment will still insure that taxpayers with substantial economic income will continue to pay taxes, while also eliminating a redundant penalty on capital investment. In addition, the AMT depreciation system would be changed to reflect more realistic economic effects from the purchase of business assets. An across the board adjustment would apply to depreciation on all assets so all taxpayers receive similar benefits without favoring some taxpayers more than others, as the Administration's proposal does.

##### ENCOURAGE INVESTMENT IN SMALL BUSINESS

###### 3. Increase in §179 Expensing Deduction

###### Increase From \$10,000 to \$25,000 for Depreciable Assets

Current law reflects the reality that assets depreciate more quickly during early years, more slowly in later years. It also reflects the attempt to correct a misallocation of capital caused by inflation. However, these current depreciation rates are only appropriate for given rates of inflation.

In order to improve the incentive for small businesses to invest in new machinery and equipment, this proposal brings the depreciation deduction closer to reality by allowing a larger deduction in the first year, when these asset's value decline the most.

This proposal would increase the current law amount that can be deducted in the first year that an asset is placed in service. Under current law, a maximum deduction of \$10,000 is allowed each year, and that amount is reduced dollar for dollar where the taxpayer places in service more than \$200,000 of depreciable business property (not real estate). Thus, the rule is intended to benefit only small businesses. The deduction is further limited to the amount of taxable income of the business, however, if the \$10,000 deduction is denied because of this rule, then it can be carried over to a later year when taxable income is available. Limitations apply for automobiles and "listed property" (like computers) under current law.

###### Determination of Depreciation Amount

Under the proposal, the amount that could be expensed in any one year would be increased to \$25,000 indexed annually for inflation, from the current \$10,000 amount.

The depreciable basis of asset(s) that are expensed would be reduced by the amount of the expense election, up to \$25,000, and the remaining basis would be depreciated over the remaining life of the asset.

The provision would be effective for assets purchased after July 1, 1993.

###### Support for the Legislation

Treasury proposed this as part of their "small business" package of tax incentives last year.

Senator Dole and Congressman Michel introduced this as part of their small business package earlier this year (S. 160).

Small business is an enthusiastic supporter of this proposal, and NFIB has been a leader in supporting it's enactment.

##### REDUCE THE TAX BIAS AGAINST SAVINGS THROUGH INDIVIDUAL RETIREMENT ACCOUNTS

###### 4. Make Deductible IRAs Available to All Americans

Under the bill, all Americans would once again be eligible for fully deductible IRAs.

Current law only those taxpayers who are not covered by any other pension arrangement and whose income does not exceed \$25,000 for single filers and \$40,000 for married filers are eligible for a fully deductible IRA.

The \$2,000 contribution limit will be indexed for inflation in \$500 increments in the year in which the indexed amount exceeds the next \$500 increase. The non-working spouse limit of \$250 is indexed by the same \$500 amount in the same years.

No longer will a spouse be "deemed" to have a pension plan because their husband or wife has one. If the individual does not have a pension plan at work, regardless of their income level, they will qualify for an IRA to the extent of their "earned income."

Limits on IRAs (\$2,000) are coordinated with the limits on 401(k) plans, 403(b) plans, SEPs and section 501(c)(18) plans. For example, if someone contributes \$7,000 to a 401(k) plan, then their IRA contribution is limited to \$1,728 in 1992 because the 401(k) limit is equal to \$8,728.

The provision would be effective beginning January 1, 1996.

###### New Kind of IRA Option

Taxpayers will be offered a new choice of IRA. Under this new IRA, contributions will not be deductible, but if the assets remain in the account for at least 5 years, all income will be tax free when it is withdrawn. A 10% penalty will apply to early withdrawals, unless they meet one of the four exceptions outlined below under number 5.

Taxpayers can contribute up to \$2,000 to either a traditional IRA, or the new IRA. They can also allocate any portion of the \$2,000 limit to the different accounts (e.g. \$1,000 to a traditional IRA and \$1,000 to the new IRA).

###### 5. Penalty-Free IRA Withdrawals for Important Purposes

The 10% penalty on early withdrawals (those before age 59½ or 5 years for the new IRA) will be waived if the funds are used to buy a first home, to pay educational expenses, to cover catastrophic health care costs or during periods of unemployment after collecting 12 weeks or more of unemployment compensation. Taxpayers will still be liable for the income tax due on the withdrawal, but no penalty will apply.

Parents and grandparents can make penalty-free withdrawals for college or home expenses of a child or grandchild. Children and grandchildren can make penalty-free withdrawals for health costs in excess of 7½ percent of the income of their parents and grandparents. An individual wanting to go back to school after being in the work force could use the IRA to save for anticipated education or retaining expenses. The withdrawal rules apply across generations and between spouses.

###### Penalty-Free 401(k) and 403(b) Withdrawals

Similar penalty-free withdrawal rules will apply to 401(k) and 403(b) employer sponsored plans for purposes of first home, education or unemployment costs. Penalty-free withdrawals are already allowed for medical expenses for these plans.

Section 401(k) and 403(b) plans are employer-provided retirement plans that allow employees to make tax-free contributions out of their paychecks. Under current law, once an employee makes a contribution to a 401(k) and 403(b) plan, withdrawals are generally subject to a 10% penalty tax like that applied to early withdrawals from IRAs.

###### Support for the Legislation

In the Senate, S. 612, the Bentsen-Roth Super IRA ad 78 cosponsors; 48 Democrats and 30 Republicans, in the 102d Congress.



In the House, the companion bill, HR 1406, had 269 co-sponsors; 141 Democrats and 128 Republicans, in the 102d Congress.

The legislation was enacted twice in 1992, and vetoed both times for other reasons.

#### ENCOURAGE PRIVATE BUSINESSES TO HIRE NEW EMPLOYEES

##### 6. 13.85 Percent Jobs Hiring Tax Credit

###### Determination of the Credit

While the economy is improving, employers are not hiring enough new workers. This "new jobs" credit would give the private sector an incentive to hire new workers now, as opposed to increasing overtime or hiring temporary workers from other sources.

This temporary credit would give employers a tax credit equal to 13.85 percent of a new employee's wages for the first six months of employment. This credit would apply against the applicable wage base for FUTA and FICA taxes.

The amount of 13.85 percent is equal to the employer's FICA tax of 7.65 percent plus FUTA tax of 6.2 percent. The actual FICA and FUTA taxes would not be reduced, but the proposed income tax credit would return to the employer the out-of-pocket cost of those taxes on labor. Also, as a result, this change would not affect the social security or unemployment trust funds.

The credit would be available for any employee hired during the period from July 1, 1993 to July 1, 1994. This will provide employers enough of a phase-in period to take advantage of the full credit.

Employers would receive a credit only to the extent there was actually a net increase in employees in a given pay period. The eligibility for the credit would be determined over each payroll period of the employer. Appropriate anti-abuse rules would apply.

The tax credit would directly affect employers' decisions to hire labor because the credit would reduce the price of labor, without reducing wages or workers' legal benefits. If jobs are not created, there will be no cost to the government.

#### REPEAL OF THE LUXURY EXCISE TAXES

##### Current Law

Present law imposes a ten percent excise tax on the portion of the retail price of the following items that exceeds the thresholds specified: automobiles above \$30,000; boats above \$100,000; aircraft above \$250,000; jewelry above \$10,000; and furs above \$10,000. The tax took effect on January 1, 1991, and expires on December 31, 1999.

##### Proposal

This proposal would repeal the luxury excise tax on boats, airplanes, jewelry, furs and automobiles, effective retroactively to January 1, 1993.

##### 8. Modify Passive Loss Rules for Real Estate

###### Present Law

Under current tax rules, deductions and credits from passive trade or business activities are limited to the extent they exceed income from passive activities. They can not be used to offset other income, such as wages, portfolio income, or business income that is not derived from a passive activity. Credits are treated similarly.

Deductions and credits suspended under these rules are carried forward to the next taxable year, and are allowed in full when the taxpayer disposes of his entire interest in the passive activity to an unrelated person.

Passive activities are defined as trade or business activities in which the taxpayer does not "materially participate." Rental

activities (including rental real estate activities) are also treated as passive activities, regardless of the level of the taxpayer's participation. However, rental real estate activities can be deducted against other income, up to \$25,000 a year, which is phased out by one dollar for every two dollars of AGI over \$100,000 (i.e. \$100,000 to \$150,000 phase-out).

##### Proposed Change

Under the proposal, a taxpayer's rental activities would not be subject to the passive loss limitation if the taxpayer meets eligibility requirements relating to real property trades or businesses in which the taxpayer performs services, i.e. "materially participates." Thus, the same rules would apply to rental real estate as apply to other industries. Rental real estate activities would no longer be per se considered "passive."

Real property trade or business means any real property development, redevelopment, construction, reconstruction, acquisition, conversion, rental, operation, management, leasing, or brokerage trade or business.

An individual meets the eligibility requirements if more than half of the personal services the taxpayer performs in a trade or business are in real property trades or businesses in which he materially participates. Personal services performed as an employee are not treated as performed in a real estate trade or business unless the person performing the services has more than a five-percent ownership interest in the employer.

A closely held C corporation meets the eligibility requirements if more than 50 percent of its gross receipts for the taxable year are derived from real property trades or businesses in which the corporation materially participates.

The effective date of this provision would be July 1, 1993.

#### DESCRIPTION OF SPENDING CUTS

##### Offsets for Economic Incentives for Growth and Savings

###### Mandatory Programs

1. Eliminate Lump Sum Retirement Benefit for Federal Employees: This benefit allows federal civilian employees to elect upon retirement to receive a lump sum payment roughly equal to employee contributions in exchange for a reduced annuity for life. The 1990 budget agreement suspended this benefit through 1995. This option eliminates it entirely, for savings in 1996-1998.

2. Medicare Secondary Payer Reform: S. 285, would require employers to mark a new box on IRS W-2 form to indicate whether employees are in a group health care plan. This information would be used by Medicare and other federal programs to know whether to seek payment from the private insurer for working Medicare beneficiaries who are being provided with insurance coverage.

Discretionary Programs: Savings in these programs could be enforced through a reduction in the 1994-1995 discretionary spending caps, and an extension of spending caps through 1998.

3. Reduce Federal Aid for Mass Transit: In 1993, the principal federal transit assistance programs will provide about \$2.8 billion in capital grants and about \$0.8 billion in operating assistance for local mass transit. Federal grants generally pay 80% of the costs of qualifying capital projects and offset up to 50% of local transit operating deficits. This option reduces the federal share of qualifying investment costs for mass transit to 50% and eliminates operating assistance.

4. Eliminate Highway Demonstration Projects: According to CBO, the federal gov-

ernment will provide a total of \$96 billion in highway grants to states during the 1994-1998 period. States will obligate most of this money on highway projects of their own choosing. The Department of Transportation will distribute about \$90 billion, or 93% of the total, according to broad statutory formulas and other procedures prescribed by law. The remaining \$6 billion will be obligated on projects earmarked by the Congress in both the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) and annual appropriations bills. ISTEA alone contains more than 500 separate projects. This option would amend ISTEA to eliminate contract authority for the demonstration projects contained in the bill.

5. Modify the Service Contract Act by Eliminating the Successorship Provision: The McNamara-O'Hara Service Contract Act of 1965 sets basic labor standards for employees on government contracts whose principal purpose is to furnish labor, such as laundry, custodial, and guard services. Contractors covered by this act generally must provide these employees with wages and fringe benefits that are at least equal to those prevailing in their locality or those contained in a collective bargaining agreement of the previous contractor. The latter provision applies to successor contractors, regardless of whether their employees are covered by a collective bargaining agreement. This option would eliminate the successorship provision and as a result, federal procurement costs would fall because this option would promote greater competition among contractors.

6. Reduce Federal Employment by 150,000: This option can be accomplished through attrition during the next five years. In addition, greater savings in personnel might be achieved through S. 797, which would provide a one-time government wide early retirement window.

7. Reduce Federal Government Administrative Expenses: This option would reduce government administrative expenses in such areas as travel, rental payments to others than GSA, equipment (does not include pay or benefits for employees). In 1993, this option would provide for \$1.2 billion rescission in these accounts.

8. Modify Vacation Leave for Federal Managers: Most federal employees may accumulate no more than 240 hours of vacation leave—the equivalent of 30 working days. When employees leave federal service, they or their survivors are entitled to payment for the unused leave. By contrast, senior career employees may accumulate unused leave without limit. This option would hold the career Senior Executive Service to the standards that govern leave accumulation for most other employees, payments of used leave would drop.

9. Reduce Legislative Branch Administrative Expenses: This option requires the Legislative Branch to reduce administrative expenses by \$20 million a year.

10. Eliminate Interstate Commerce Commission: The Interstate Commerce Commission (ICC) regulates rates, operating rights, and mergers and acquisitions of interstate motor carriers and railroads. It also rules on rail abandonments and construction of new rail lines. The ICC's powers have diminished since the passage in 1980 of the Motor Carrier Act and the Staggers Rail Act, and its staff and budget have decreased accordingly. Some regulation remains, including a number of routine applications for ICC approval of operating rights, rates, and other business decisions. Deregulation would apply only to economic regulation; motor carrier safety

would continue to be regulated by the Federal Highway Administration.

11. Close/Private Federal Helium Reserves: This option would sell the federal government's helium installation and pipeline to private industry.

12. Reduce Legal Services Corporation Funding by 50%: The Legal Services Corporation, an independent, not-for-profit organization, supports free legal aid to the poor in

civil matters. About 300 state and local programs receive grants from federally appropriated funds. This option would reduce funding for the Legal Services Corporation by 50% between 1994-1998.

13. Terminate Copyright Royalty Commission: This agency establishes copyright payments for jukebox records and rebroadcasts of television programs over cable TV systems. Some believe such work could be ac-

complished by ad hoc arbitration panels. This option terminates the Commission.

14. Reduce Foreign Aid: This option would reduce foreign aid spending for the European Bank for Reconstruction and Development, reduce funding for the Special Defense Acquisition Fund, and provide for no increase in funding for International Development Authority.

#### ECONOMIC INCENTIVES FOR GROWTH AND SAVINGS

(In millions of dollars)

	Effective	1993	1994	1995	1996	1997	1998	Total
<b>TAX INCENTIVES FOR PRIVATE JOB CREATION AND SAVINGS</b>								
Reduce the Cost of Capital and Tax Penalties on Investment:								
Index the Basis of Assets for Capital Gains; Assets sold after Indexing Begins	Jan. 1, 1993 January 1, 1993		(\$400)	(\$1,200)	(\$2,200)	(\$3,300)	(\$4,600)	(\$11,700)
Alternative Minimum Tax Changes to Alter AMT Adjustment and Eliminates "ACE" Adjustment	July 1, 1993		(507)	(1,664)	(2,421)	(2,198)	(2,151)	(8,941)
Encourage Investment in Small Business:								
Increase Expensing Deduction Under § 179 to \$25,000 (indexed) from current \$10,000 limit	July 1, 1993	(\$200)	(3,949)	(1,693)	(1,223)	(815)	(462)	(8,342)
Reduce the Tax Bias Against Savings (that favors consumption):								
Bentzen-Roth Super IRA: Reinstates Fully Deductible IRAs & Creates Backloaded IRA Option; Frontloaded Effective.	Jan. 1, 1994 Jan 1, 1996	(15)	(2,953)	(1,696)	(312)	(3,175)	(4,847)	(3,046)
Penalty-Free Early Withdrawals for First Home Purchases, College Education, Medical Expenses and Long-term Unemployment Costs from IRAs, 401(k)s and 403(b)s.	DOE	(155)	(567)	(567)	(474)	(378)	(253)	(2,394)
Encourage Private Businesses to Hire New Employees:								
13.85 percent Jobs Income Tax Credit for Hiring New Employees	July 1, 1993	(425)	(1,275)					(1,700)
Repeal Tax Penalties on Industry Sectors:								
Repeal Luxury Taxes on Boats, Cars, Airplanes, Jewelry & Furs	Jan. 1, 1993	(173)	(314)	(386)	(471)	(563)	(665)	(2,572)
Modify Passive Loss Rules for Real Estate/Material Participation	July 1, 1993		(304)	(557)	(525)	(587)	(685)	(2,658)
Total tax incentives for jobs and savings		(938)	(4,363)	(4,371)	(7,002)	(11,016)	(13,663)	(41,353)
<b>SPENDING OFFSETS TO PAY FOR JOBS PROGRAM</b>								
Mandatory Programs:								
Eliminate Lump Sum Benefit for Federal Employees	Oct. 1, 1995				2,100	3,032	3,197	8,329
Medicare Secondary Payer Reform	Oct. 1, 1993		400	650	650	650	650	3,000
Discretionary Programs Enforced Through Spending Caps:		1,200	3,991	7,135	8,001	9,022	9,843	39,191
Reduce Federal Aid for Mass Transit	Oct. 1, 1993		530	950	1,300	1,600	1,850	6,230
Eliminate Highway Demonstration Projects	Oct. 1, 1993		180	760	1,000	1,150	1,200	4,249
Modify Successorship prov. in Govt. service contracts	Oct. 1, 1993		160	180	180	190	190	900
Federal Employee Savings (Federal Employment 150,000)	Oct. 1, 1993		1,182	2,766	2,927	3,183	3,287	13,344
Federal Government Administrative Expenses (1993 rescission)	DOE	1,200	1,500	1,600	1,700	2,000	2,400	10,400
Modify vacation leave for federal managers	Oct. 1, 1993		5	5	10	10	15	45
Leg. Branch Administrative Savings (\$20 million/year)	Oct. 1, 1993		20	20	20	20	20	100
Eliminate Interstate Commerce Commission	Oct. 1, 1993		25	30	30	30	30	145
Close/Private Federal Helium Reserves	Oct. 1, 1993		128	133	138	143	150	692
Reduce Legal Services Corporation Funding by 50 percent	Oct. 1, 1993		160	190	195	195	200	940
Terminate Copyright Royalty Tribunal	Oct. 1, 1993		1	1	1	1	1	5
Reduce Foreign Aid: Eur. Bank for Recon. & Dev. and Spec. Def. Acq	Oct. 1, 1993		100	500	500	500	500	2,100
Total offsets		1,200	4,391	7,785	10,751	12,704	13,690	50,520
Net budget impact		262	28	3,414	3,749	1,688	27	9,167

Mr. LOTT. Madam President, I wish to thank my distinguished colleague from Delaware for his comments this morning and for his leadership in the development of this legislative package. He has a long history of success in working as a member of the Finance Committee to develop bills that help the economy and create growth and create jobs. That has been the area where he has concentrated in the years that I have watched him, 16 years from the other body, and then in just the recent years in the Senate.

He was, of course, one of the two principal sponsors of the Kemp-Roth legislation that was passed back in the 1980's, and he has been a great leader in trying to correct the mistake we made in taking away the IRA, the individual retirement account options that people had and took advantage of in the 1980's. They did their job, and I think that is what the Treasury Department wanted, to put it away, because the people were putting money in savings accounts; they were doing what we thought they would do. And just in recent years the distinguished Senator from Delaware has worked with the former chairman of the Finance Committee in the development of a new IRA bill, the Bentzen-

Roth Super-IRA. So I am just delighted to be associated with my distinguished colleague, the Senator from Delaware, in this effort.

Madam President, I was listening to the President's remarks this morning, and he was talking about how the tax bill passed the other body just last night, by the slimmest of margins—a change of three votes and it would have lost—was going to create growth and jobs.

I kept saying how? That must not be the same bill that I have been reading. And I have gone back and looked at it this morning. I still do not see how this is going to create growth and create jobs. It is going to hurt the economy. I think it is going to cost us jobs, lose jobs.

We heard just this morning in the news that the growth in the economy is lower than had been anticipated. It is now estimated that the first quarter GDP, originally thought to be 1.8 percent will drop to 1.2 percent. Perhaps, before I finish my remarks, I will give you the rest of the latest numbers that we are trying to get off the wire service at this moment.

The major components of the reconciliation tax bill that passed the

House of Representatives last night are taxes, taxes, taxes, tax increases on everybody. I have heard this line before: "Don't worry. It is going to be on the upper income." I even voted for tax bills in the past partially based on that, partially based on the fact that we have all these spending programs and, we have to pay for them. I am not buying that deal again.

Taxes will go up not only on individuals. Their rates will go up, corporate taxes will go up, utility bills will go up, and that affects everybody, because of the so-called Btu tax. I have been wondering why the focus was on the British thermal unit tax. I figured it out. The people in Washington who vote must think that is a tax on the British, British thermal tax, so it will not affect us.

But it will not work that way. It is going to drive everybody's utility bills up. Farm costs will go up, so certainly that will cause food prices to go up. The cost of doing local government business will go up because they will have increased gasoline prices and other energy costs.

It also includes Social Security tax increases on the retirees, of all things. How in the world is that going to help people? Certainly that is not a part of



it that will contribute to growth in jobs, but it will hurt our elderly retirees in this country.

The major spending cuts. There is talk that we are going to have some savings in cuts. Where are they? They are in defense again, drastic cuts in defense. I tell you, if you are from a State that has been involved in supporting our military over the years, like California, like Mississippi, or Texas, I think you have already found out that, if you cut back defense, if you cut out individuals, if you cut out bases, you hurt the economy. Maybe in the long term we will be able to see where that spending goes. But what about in the meantime? We talk about retraining, moving money from defense over into the private sector. It is a pretty good idea. I still have not figured out how we are going to make it happen. I am prepared to work on that. In the interim, it will cost us jobs.

Let us talk about the positive. I do not want to just throw rocks this morning. President Clinton has endorsed several of the features in the Roth-Lott package. In fact, some of them are in his package. Let us talk about how we can really move the economy forward in a positive way, create growth and create jobs.

This package represents what the American people are crying out for. Democrats have said this, Republicans have said it. What we hear from our people back home loud and clear is this message: "Don't raise taxes; cut spending and reduce the deficit." This was the message of the last election. It still is the message. It is time that we heed that message.

The Roth-Lott bill does just that. Our proposed bill would provide tax incentives to encourage private sector growth. We need that. It will cut Government spending to pay for those tax incentives and reduce the deficit at the same time. These are the three critical components of any economic growth plan. Our bill includes incentives to create jobs, cuts in spending, leaving probably, we hope, about \$9 billion, but a substantial amount of money to actually reduce the deficit.

This is in sharp contrast to the plan that passed the House of Representatives just last night. It does the opposite. That bill increases taxes, increases Government spending in many areas. The ratio of tax increases to spending cuts in that bill, the one that passed the House of Representatives, is \$5 in tax increases to \$1 in spending cuts.

We have come a long way from what we heard in the campaign: Promises of \$3 in spending cuts to every \$1 in tax increases. And even in the State of the Union Address, the President promised \$1 for \$1. We have even gone downhill since then and since the budget resolution passed the Senate, which called for a ratio of \$3.03 in tax increases to

every \$1 in spending cuts. I thought that was horrible.

The trend is even more alarming when you consider the fact that the tax increases will be a sure thing. Take a look at it, my colleagues. The tax increases will occur in the first couple of years. In fact, taxes are going up right now because the bill is even going to be retroactive. This bill will not become law until probably late June or July, if at all. If it goes into effect then, it will be retroactive to the first of the year, a little detail a lot of folks seem to forget.

This is what is included in that reconciliation tax increase bill that we saw pass just last night. The limited proposed spending cuts are "iffy" at best because they come later on. Anybody who has watched the Congress more than 2 weeks already has figured out that we might keep our commitments for a year or two. I do not mean that as critically as it sounds. Circumstances change. Hot spots develop around the world. The economy does something different than what you expect. But time after time after time I have seen the Congress say we are going to cut spending later. It does not happen.

When will we learn? We cannot tax ourselves into prosperity. The record shows that higher taxes have a negative impact on the economy. How much can the working people of America stand? They are carrying a tremendous burden. They are willing to help. They want better roads. They want better schools. They want health care for those that really cannot help themselves. But they are getting tired of paying the bill increasingly year after year for those that are not producing. So we have to find a way to help them to be able to produce. How do you do that? Get them a job.

So here is what the Roth-Lott bill will do. It provides tax incentives, which will create permanent jobs. In total, our estimates show that it will create 800,000 jobs over 5 years. These incentives will allow the private sector to create real, lasting jobs, not Government make-work jobs. We cannot all work for the Government for Heaven's sake.

Mr. GRAMM. Why not?

Mr. LOTT. Because those jobs are not real. They will not last and somebody has to pay the bill. In Washington, that is the question. Why not? Why cannot everybody work for the Government? The Government is supposed to work for the people. Government should get out of the way, let the businesses in this country, large and small, hire people with a real job.

I believe the best way to ensure sustainable economic growth is to put money back into the private sector. Can Uncle Sam run a successful business? Do we want him to? When was the last time Uncle Sam, the Federal

Government, succeeded? I am hard pressed to find many Americans, if any, who would answer these first two questions with a yes. They just do not think the Government can or should do it. Everybody in America can describe Government inefficiencies, most often on a personal basis. We all remember expensive toilet seats, coffee pots, and hammers.

The private industry is the place where you create those jobs. It is important to remember that 4 million net new jobs have been created by firms with less than 20 employees since 1988. That is how we do it in my poor, struggling State trying to pull itself up. Small business is the answer. That is the engine that will move this job-creation train.

This package will substantially enhance small business' ability to create those jobs. Increasing the expensing deduction under section 179 from the current \$10,000 to \$25,000 will enable them to invest in new technology and equipment at less of a cost.

I believe that this is a provision that President Clinton has endorsed. It is in his plan. So we can get together on that.

In addition, our bill includes a new income tax credit for employers who hire new full-time employees. This is a component I really wanted in the package. The Senator from Delaware supports it and agrees that we should have it in there. We need to provide some opportunity for small businesses to reach out, get a little tax break to provide a job. Then, that unemployed person would be able to occupy that real job because the incentive would be there for the small business to create it through the tax credit. This recovery has been labelled a jobless recovery. While the economy has improved, job creation is not where it should be. This credit would give businesses the additional incentive to hire new full-time employees by lowering their cost of labor.

The employer would receive a credit equal to 13.85 percent of the first 6 months' wages of all new hires. This is only 6 months. This is not a deal to pay indefinitely to keep these folks. It is designed to try to offset the payroll taxes, FICA and FUTA. It would be capped at the annual Social Security wage base and would be effective for any 6 months during the year July 1, 1993, to June 30, 1994. So the emphasis is now. This is not 2 years from now. It is for this year, for 6 months. It is for new hires only. It would work. It will not affect the trust funds at all. No money will be spent unless jobs are really created. No moving things around. Once people have jobs, they can get off public assistance and contribute to the tax base themselves.

This package differs from the so-called stimulus package recently considered by the Congress. While that

plan would have added \$16.3 billion to the deficit, at a minimum, this plan will actually reduce the deficit by approximately \$9.1 billion. Government spending would be cut to pay for these growth incentives. We have got to get the spending side of the balance sheet under control. And the package that was voted on in the House last night will not do it. I mean, even if we did what it says we are going to do in the next 5 years, at the end of that 5 years the deficit will be higher.

The fiscal problem in this country is not insufficient revenues. While our taxes have remained at 19 percent of GDP since 1970, spending has increased from 20 to 24 percent of the gross domestic product.

I believe we should cut spending across the board. Some people say, OK, pick out what you want. And my reply is anything you want to cut, except the Social Security, highway, and other trust funds; they are paid into for a specific purpose. We all know deficit reduction is critical. This plan would accomplish the reduction that it says it will, and I am willing to work with others to even find more places to come up with savings.

Let me mention some savings that are included in the bill. Then, I will conclude, because I know others want to speak. Some of our proposed savings are: Eliminate the lump-sum benefit for Federal employees; Medicare secondary payor reform; and reduce Federal aid to mass transit—I think that should be done more on a local level.

We would modify vacation leave for Federal managers who get very fine, nice extended vacation leaves, and make cuts in the legislative branch.

We would close or privatize some of the Government-owned things like the helium reserves—that is totally ridiculous. You are not talking about an insignificant amount of money; it is \$692 million over this period of time if we close or privatize the helium reserves.

We would also reduce foreign aid to the European Bank for reconstruction and development. Hey, can they not do that themselves? They have a pretty good economy over there.

Also, our package would index capital gains. There would be an explosion in turnover and activity, if people knew they could sell things and not have to pay an astronomical capital gains tax based on inflation.

I urge my colleagues to look at this package. It is so important, in my opinion, that we provide incentives for growth. What the static scoring models we are forced to use here in the Senate do not reflect is that sustained economic growth is the best way to truly reduce the deficit. This is a real package, one that would really create growth and jobs, cut the deficit and cut spending. That is what the American people say they want, and I believe them. You are going to get a chance to

vote on this package the first time there is a good opportunity that comes along. Perhaps even the so-called stimulus package coming back from the House might be a good opportunity. So I am delighted to join my colleague from Delaware, who is sponsoring this legislation.

I yield the floor at this time.

Mr. DOLE. Mr. President, the job creation plan that my colleagues, Senators ROTH, LOTT, and others have introduced is precisely the approach the American people have been waiting for.

This proposal illustrates the fundamental difference between Republicans and Democrats. Republicans believe in creating long-term jobs in the private sector. Democrats believe in creating short-term Government jobs.

We know that reducing the cost of capital—whether through a capital gains measure or by increasing the expensing deduction—will produce a positive effect on the jobs market.

Encouraging investment in business and encouraging private businesses to hire new employees will help create real jobs, not temporary, make-work Government jobs.

One provision particularly important to my State of Kansas is the repeal of the luxury tax.

This bill recognizes that having a job is not a luxury. It's high time we repeal the so-called luxury tax on private airplanes, boats, cars, jewelry, and furs.

The luxury tax was a Democrat-inspired tax scheme which was supposed to result in a windfall of greenbacks—but really created an avalanche of pink slips.

The folks on the assembly line at Beech, Cessna, and Lear in Wichita, KS, will tell you—this tax may have been aimed at the high-flying fat cats but it landed on the little guy.

A second fundamental difference between Republicans and Democrats is Republicans are opposed to adding to the deficit. That is why this package is paid for with spending cuts, not big taxes.

I have spent some time traveling around the country to talk with real Americans, and the word on Main Street is "cut spending first." This package meets American taxpayers' bottom line, cutting taxes to create jobs and paying for it by cutting wasteful Government spending.

Some of the spending cuts in this plan include eliminating pork in the highway and mass transit programs, stopping duplicate Medicare payments, slashing congressional spending, cutting foreign aid spending, and reducing the Federal bureaucracy. These are items I think most Americans can agree need to be trimmed.

I fully support the approach that the Roth-Lott proposal takes and hope that our Democrat colleagues will join us in creating real jobs for hard-working Americans.

Mr. BURNS. Madam President, I thank my friend from Mississippi Senator LOTT, who has worked with Senator ROTH on this particular piece of legislation, which I think is probably the most meaningful we have had in the last couple of years.

The supplemental that the President offered this body just a month ago that was unsuccessful here was pretty much his idea on how we can jump-start this economy. It was just about a month and a half ago that we were over in Delaware visiting with a man there, and it was quite a success story. I want to tell that success story because here we are flying around in Washington, DC, trying to figure out how to jump-start the economy, increase the job base, and create jobs for people graduating from college now and going into the work force. I have a daughter graduating college this spring, and she is going on to medical school. She better start looking for a job, or she will not make it through medical school.

The story is of a man who was a sharecropper from Georgia. He came up North and got ahead of \$500, and he bought a truck and leased it out. In 15 years he went from zero worth, or maybe less than that, on a \$500 loan, to being worth over \$500 million today, 15 years later. Along the way, he created 110,000 jobs.

I see the Senator from Texas on the floor. He has met this man and we had a very long visit.

Why are we running around this town trying to come up with an idea on how to stimulate the economy when the only thing we have to do is send \$500 to this man. He will do it all over again. Or, find some more people that have that kind of spirit and idea and has the opportunity to expand it on his own.

I do not know how we got into this position where the Government is the greatest adversary of the people who actually provide the economic base and the quality of life for this country. I am very happy to join Senator ROTH—who happened to graduate high school in Montana; but he represents Delaware—in propounding this piece of legislation.

It is very simple. I will have to agree with my friend from Mississippi that maybe it is too simple for people to really understand, to just allow small business to hire workers by giving them a tax credit for new employees—how important is that for people coming out of our schools this spring?—or, to allow small business investment by increasing the deductions for new business expenses. It is very important.

I wonder; he had a little smile on his face a while ago. He said not everybody can go to work for the Government, because they are not meaningful jobs. I will tell you what, I do not see the Government firing anybody; maybe they should. But it is not happening, because we are not downsizing Government any.



So we have to figure out something else. Two out of every three Americans get their first job from small business. In Montana it is three out of every four. That goes up. In Montana 98 percent of our businesses are considered small business. We are a State of small businesses.

Our Nation's ability to create new jobs is dependent on the Government's policy to encourage small business to expand and grow. Legislation is crafted to encourage small business to invest the necessary capital to create new long-term jobs. That is just the way it is. We are only a State of 800,000 people, and we are scattered over 148,000 square miles.

The Chair can understand that, I imagine, after two statewide elections in California. I have had the opportunity to travel California extensively, for 5 years. It is a big State. So we know what distances are, and how important small businesses are in our small towns.

You can say, sure, in San Francisco, where the occupant of the Chair was a very able mayor, there is big business; but basically the underpinning of the city was small businesses, mom and pop shops, who hired 4, 5 employees, and most a lot less than 20.

That is where this is intended to help, those people who are like that, from the farmer to the local hardware store, machinery dealer, the fertilizer guy, and what I call the seeds-feed-and-weed folks. They are providing us with the jobs and products and services that enhance our quality of life.

So as America moves forward, let us try and come up with an idea that is simple. Let us use the old KISS principle—keep it simple, stupid—so that we can all understand it, and we can all put America first to build it from the grassroots up. I think that is the very important part. Not everything in this country is done for the almighty dollar. We just want to live in our communities and contribute something back to our communities and contribute something to our State and, yes, keep this American free society alive and growing. We cannot do that if we tax people to death or if we put rules and regulations and mandates on them that they cannot in any way comply with.

So heaping those on them is just throwing a wet blanket on economic recovery here in this Nation. We need a policy that encourages them. They need to be a partner.

Senator JAY ROCKEFELLER and I had a hearing yesterday on new materials and new technologies. It is staggering what new technologies and techniques are out there if we, the Government, would get out of the way, start setting some standards and rules, and put some of these new products into play, especially in the building industry.

How can we? We cannot be completely dependent on natural resources

anymore. We have to be smarter. It is like in our crime we cannot outbuild the lawbreakers with prisons. We have to outsmart them. We have that. The only thing we have to do is encourage it, get out of the way, get it into the private sector, and the folks who know how to make it work will make it work.

So we need a policy that encourages business to do what they do best, and that is employ our people, provide an expanded job market, provide a place to start, and they also provide Americans with the highest quality of life and the highest standard of living for more percentages of people than any other nation in the world compared to—I will stand comparison in any other place in the world. Beat it up, if you want to, this still is the best place in the world to live. I have letters, I tell you, on my desk from folks wanting to come to this country. I do not have very many letters from those folks who want out.

We have to provide the folks the opportunity, and this does it. It is simple, maybe too simple.

Madam President, I thank you for the time, and I yield the floor.

By Mr. STEVENS (for himself and Mr. MURKOWSKI):

S. 1059. A bill to include Alaska Natives in a program for Native culture and arts development; to the Committee on Indian Affairs.

#### ALASKA NATIVE CULTURE AND ARTS DEVELOPMENT ACT

Mr. STEVENS. Madam President, my colleague and I from Alaska have watched with interest the program that has developed in Hawaii under section 1521 of the Higher Education Amendment of 1986. It has been a most successful program for Hawaiian culture and arts development.

With the consent of my good friend, the distinguished senior Senator from Hawaii, Senator INOUE, I would like to introduce this bill that will include Alaska Native culture and arts development in the program that he has pioneered in his State.

I send to the desk a bill and ask it be appropriately referred.

The ACTING PRESIDENT pro tempore. That will be the order.

Mr. STEVENS. This is introduced for myself and my colleague, Senator MURKOWSKI.

By Mr. RIEGLE (for himself and Mr. CHAFEE):

S. 1061. A bill to increase the funds available under title XX of the Social Security Act for block grants to States for social services, and for other purposes; to the Committee on Finance.

#### SOCIAL SERVICES BLOCK GRANT RESTORATION ACT

• Mr. RIEGLE. Mr. President, I rise today along with my colleague from Rhode Island, Senator CHAFEE, to in-

troduce the Social Services Block Grant Restoration Act of 1993. The purpose of this legislation is to restore funding to the title XX Social Services Block Grant Program.

Title XX is the main source of funding to the States for a wide range of social services aimed at promoting economic self-sufficiency and independence for senior citizens, children and low income-families. The program seeks to prevent and remedy neglect and abuse of children and adults who are unable to protect their interests. The prevention or reduction in the use of inappropriate institutional care is another goal of title XX.

Mr. President, let me describe for the Senate some of the services and programs that States provide through the use of title XX funds. My home State of Michigan has used title XX to help vulnerable adults receive direct services so that they can remain in their homes, instead of moving to a nursing home. Michigan also uses these funds to meet the day care needs of low-income working people who are unable to pay for private child care. In Arkansas, title XX helps pay for special services for the disabled; nonresidential youth services; and protective services for children. Kansas uses its title XX money to provide community and day living services to people with mental retardation. And in Oregon, the vast majority of title XX funds are used to meet the administrative needs of youth care centers and other family services.

These are just some of the examples of what title XX funding allows States to do. These programs represent a good investment for America because of their cost-effectiveness. They promote self-sufficiency and independence. It is less expensive to keep a senior citizen or a person with mental retardation living in their home than it is to put them in a nursing home. America needs to make these kinds of investments that improve the lives of so many people. The social services block grant can make this possible.

Despite the enormous benefits the program has and its popularity among the States, title XX funding eroded during the 1980's. The program was cut \$600 million in the Omnibus Reconciliation Act of 1981. It now has a funding level of \$2.8 billion—more than 43 percent below its fiscal year 1977 value in inflation adjusted dollars.

Support for this program is widespread. Mr. President, I ask unanimous consent to submit for the RECORD at the conclusion of my remarks, a letter from several member organizations of Generations United and other organizations that support this program. These organizations represent State and local governments, senior citizens, children, and people with disabilities.

I believe that we have an obligation to help those in our society who are in need. Title XX gives these people the

opportunity to achieve independence and self-sufficiency so that they can live with dignity—and it accomplishes this in a cost effective manner.

Mr. President, I ask unanimous consent that the text of the bill and the letter mentioned earlier be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1061

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Social Services Block Grant Restoration Act of 1993".

#### SEC. 2. FINDINGS.

The Congress finds that—

(1) since 1981, title XX of Social Security Act providing for Social Services Block Grants has been the major source of Federal funding for a wide range of social services;

(2) in all States, title XX block grants provide substantial support for vital human services programs that are indispensable in assisting millions of children, youth, adults, older adults, and people with disabilities;

(3) programs funded by title XX dollars are cost-effective since they are required by law to meet objectives of—

(A) achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency;

(B) achieving or maintaining self-sufficiency, including reduction or prevention of dependency;

(C) preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating, or reuniting families;

(D) preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care; and

(E) securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions;

(4) funding for title XX has seriously eroded; and

(5) the title XX program has never recovered after suffering a \$600,000,000 cut in the Omnibus Budget Reconciliation Act of 1981 and is currently funded at \$2,800,000,000, nearly 45 percent less than the fiscal year 1977 value in inflation adjusted dollars.

#### SEC. 3. INCREASE IN TITLE XX AUTHORIZATION FOR BLOCK GRANTS TO STATES FOR SOCIAL SERVICES.

Subsection (c) of section 2003 of the Social Security Act (42 U.S.C. 1397b) is amended—

(1) by striking "and" at the end of paragraph (4);

(2) by striking "each fiscal year after fiscal year 1989." in paragraph (5) and inserting "the fiscal years 1990, 1991, 1992, and 1993;" and

(3) by adding at the end the following new paragraphs:

"(6) \$3,000,000,000 for the fiscal year 1994;

"(7) \$3,200,000,000 for the fiscal year 1995;

and

"(8) \$3,300,000,000 for the fiscal year 1996 and for each succeeding fiscal year."

GENERATIONS UNITED,

Washington, DC, March 23, 1993.

Hon. DONALD RIEGLE,  
U.S. Senate, Washington, DC.

DEAR SENATOR RIEGLE: We the undersigned members of Generations United, a coalition

of over 100 national organizations representing Americans of all ages, wish to commend you on your efforts to expand the Title XX Social Services Block Grant.

Title XX has long been an important source of funds for state and local governments in their struggle to meet the diverse needs of their residents. Designed to support services that foster self-sufficiency, Title XX assists constituents of all ages. It has been a key resource in the provision of child care for low-income families; child protective services including investigation, treatment, and emergency placement; adult day care transportation, and in-home care for the elderly; and community-based services for people with disabilities. Title XX's flexibility allows it to be used to fill in gaps left by categorical programs, to supplement other funds in order to meet extraordinary needs, and to leverage private dollars.

Despite occasional small increases over the years, Title XX has yet to recoup the \$600 million that was slashed from its budget in 1981.

As America searches for ways to rebuild its local communities and "put people first," Title XX emerges as a critical tool to enhance a broad array of services for Americans of all ages.

We applaud your commitment to strengthening the Title XX program and stand ready to assist you in your efforts.

Sincerely,

American Academy of Child and Adolescent Psychiatry.

American Association of Retired Persons.

American Orthopsychiatric Association, Inc.

American Public Welfare Association.

Association of Junior Leagues International.

Boys and Girls Clubs of America.

Catholic Charities USA.

Center for Law and Social Policy.

Child Welfare League of America.

Coalition for Juvenile Justice.

Epilepsy Foundation of America.

Gerontological Society of America.

Girl Scouts of the USA.

Green Thumb, Inc.

Lutheran Office for Governmental Affairs (ELCA).

Massachusetts Intergenerational Network.

National Association of Area Agencies on Aging.

National Association of Counties.

National Association of Homes and Services for Children.

National Association of Social Workers.

National Association of State Units on Aging.

National Community Action Foundation.

National Council of Jewish Women.

National Council of Senior Citizens.

National Perinatal Association.

Oregon Generations Together, Inc.

Orphan Foundation of America.

Parent Action.

Seattle/King County Generations United

Travelers Aid International.

United Way of America.

WAIF, Inc.

YWCA of the USA.

#### OTHER SUPPORTING ORGANIZATIONS

American Humane Association.

Association for Retarded Citizens.

ChildHelp USA.

National Association of Developmental Disabilities Councils.

National Association of State Mental Health Program Directors.

National Conference of State Legislatures.

United Cerebral Palsy Association.●

Mr. CHAFEE. Mr. President, I am pleased to join Senator RIEGLE in introducing the Social Services Block Grant Restoration Act of 1993. Simply stated, this measure would increase the authorization for the title XX social services block grant, which as we all know supports a wide range of programs that serve some of the most vulnerable members of our society.

Title XX funds have long been an important source of funding for State and local governments that are working to meet the social needs of their constituents. Child care, adult day care, in home care for senior citizens, and community-based services for individuals with disabilities are just a few of the many programs supported by the social services block grant designed to promote self-sufficiency and economic independence. And because there is a lot of flexibility, States can determine priorities and use title XX funds where they are most needed.

Unfortunately, funding levels for title XX have not kept pace with inflation or the growing demand for services. State and local governments face increasingly difficult decisions in determining how best to use title XX funds, but the bill Senator RIEGLE and I are introducing would help alleviate this problem by increasing funding for title XX block grant by \$600 million over 3 years.

Mr. President, it is my hope that our colleagues will join us in this endeavor.

By Mr. WOFFORD:

S. 1062. A bill to amend the National Agricultural Research, Extension, and Teaching Policy Act of 1977 to improve the dissemination of information produced by the Agricultural Research Service, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

#### AGRICULTURAL RESEARCH DISSEMINATION ACT OF 1993

● Mr. WOFFORD. Mr. President, I rise today to introduce the Agricultural Research Dissemination Act of 1993, a bill that will help move Government research from the laboratory to the marketplace. The Agricultural Research Dissemination Act will require the National Institute of Standards and Technology [NIST] to provide regular, updated information on research being done by the Agricultural Research Service [ARS], the research arm of the U.S. Department of Agriculture.

Updated information on agriculture research will be provided by ARS to NIST. NIST will then be required to disseminate the information in the same manner it does for other Federal Government research, such as: Regional centers for the transfer of manufacturing technology, manufacturing outreach centers, and the National Technical Information Service of the Department of Commerce.

This additional method of providing information about the most recent de-



velopments in agriculture research to the agriculture industry will provide greater opportunity to develop commercial uses for these new technologies. In my State, Pennsylvania, where agriculture is the largest industry, it is vital that business have full access to the latest research to retain a competitive edge. This is especially true for small- and medium-size companies that may have fewer resources available to remain informed about recent research developments. It is for these reasons that I offer the Agricultural Research Dissemination Act of 1993. I ask consent that a copy of the bill be printed in the RECORD at the conclusion of my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1062

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Agricultural Research Dissemination Act of 1993".

#### SEC. 2. DISSEMINATION OF AGRICULTURAL RESEARCH SERVICE INFORMATION.

Section 1405 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3121) is amended—

- (1) by inserting "(a)" after "1405"; and
- (2) by adding at the end the following new subsection:

"(b)(1) The Secretary, acting through the Administrator of the Agricultural Research Service, shall provide the Secretary of Commerce with periodic updates on the availability of information produced by the Service that is or may become available to the public.

"(2) The Secretary of Commerce, acting through the Director of the National Institute of Standards and Technology (established under section 2 of the National Institute of Standards and Technology Act (15 U.S.C. 272)), shall disseminate the information provided under paragraph (1), using all appropriate written, electronic, and other methods, to—

"(A) Regional Centers for the Transfer of Manufacturing Technology established under section 25(a) of such Act (15 U.S.C. 278k(a));

"(B) manufacturing outreach centers;

"(C) the National Technical Information Service of the Department of Commerce; and

"(D) other appropriate information sources that the Secretary determines to be appropriate."•

By Mr. HATCH (for himself and Mr. BREAU):

S. 1063. A bill to amend the Employee Retirement Income Security Act of 1974 to clarify the treatment of a qualified football coaches plan; to the Committee on Labor and Human Resources. QUALIFIED FOOTBALL COACHES PLAN TECHNICAL CORRECTIONS ACT OF 1993

Mr. HATCH. Mr. President, I rise today to introduce the Qualified Football Coaches Plan Technical correction Act of 1993. Senator BREAU of Louisiana is joining me in this effort, and identical legislation (H.R. 1981) has been introduced in the House by Representative BILL BREWSTER.

The purpose of this legislation is to correct an unfortunate and unintended legislative consequence that has placed the retirement plan of 559 college football coaches in jeopardy.

As we all know, coaching is a unique profession. Football coaches often move from school to school, not knowing how long they will stay in one place, usually for only a short period of time. The average tenure of a coach at Division 1A and 1AA schools is less than 3 years. Because of the many moves going on, it is difficult for a coach to be in one place long enough to qualify for the pension benefits offered by that school. Football coaches were in need of a retirement arrangement which allowed for portability associated with the many changes in employment.

In the Tax Act of 1987, Congress addressed this important issue affecting college football head coaches and assistant coaches by amending title I of the Employee Retirement Income Security Act of 1974 [ERISA]. The amendment provided for a qualified football coaches plan that would be treated as a multiemployer plan and would include a qualified cash and deferred arrangement under section 401(k) of the Internal Revenue Code of 1986. This legislation was specifically targeted to make it possible for the American Football Coaches Association [AFCA] to sponsor a retirement plan for its members.

With reliance on this legislation, the American Football Coaches Association sponsored its own 401(k) plan for members of the association. Currently, there are 559 active participants in the retirement plan. The number of potentially eligible participants exceeds 4,400 college football coaches. The plan was intended to be a qualified plan with a cash or deferred arrangement as described in code section 401(k). The American Football Coaches Association requested the Internal Revenue Service to confirm the tax qualified status of their retirement plan. The plan received a favorable determination letter from the IRS dated June 30, 1988, which stated that the cash or deferred arrangement meets the requirements of code section 401(k) as interpreted by the proposed regulations. The IRS restated this position in subsequent letters in 1989 and 1991.

At the same time Congress passed the legislation authorizing a retirement savings plan for coaches, Congress addressed another problem in ERISA that was unrelated to the coaches' retirement plan. In a prior court case regarding a pension plan provision allowing employer contributions to be returned to the employer under certain circumstances, the Tax Court held that the ERISA standard regarding employer withdrawals from pension plans, rather than the standard under the Internal Revenue Code of 1986, applied for purposes of interpret-

ing the code. Thus, Congress, in an attempt to reject the holding of the Tax Court, included a provision that stated that title I and title IV of ERISA are not applicable in interpreting the IRC of 1986.

Last year, based on this obscure statutory provision, the IRS changed its mind on the exempt status of the coaches' retirement plan. The IRS stated that the AFCA's argument that their plan qualified under title I of ERISA was invalid since the Tax Act of 1987 provides that titles I and IV of ERISA are not applicable in interpreting the Internal Revenue Code.

As a result of this 1992 decision, AFCA has now been advised that it will be forced to liquidate its plan by the end of 1993 unless it can secure technical correcting legislation clarifying that the unrelated legislation contained in the 1987 act was not intended to invalidate the provision in the 1987 act that clearly was intended to allow AFCA to sponsor its own 401(k) plan.

The legislation I am introducing today would insert a provision in title II of ERISA that would let the qualified football coaches plan be treated as part of this title. Thus it would avoid the restrictions placed on titles I and IV of ERISA and allow for AFCA's retirement plan to be treated as qualified retirement plan under section 401(k).

Liquidating the plan would have a devastating effect on the plan's many participants. Unless we act now with this clarifying legislation, the football coaches will be back where they were before 1987, and will be denied access to a retirement vehicle specifically provided for them by Congress in 1987. To complete what Congress started in 1987, we need to enact this clarifying legislation, so that there will no longer be any doubt as to the qualification of the section 401(k) plan that coaches have been contributing to since 1988. Therefore, I ask my colleagues to support this bill.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1063

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled:*

#### SECTION 1. SHORT TITLE.

(a) SHORT TITLE.—This Act may be cited as the "Qualified Football Coaches Plan Technical Corrections Act of 1993."

#### SEC. 2. CLARIFICATIONS OF PUBLIC LAW 100-202.

Section 1022 of title II of the Employee Retirement Income Security Act of 1974 is amended by adding at the end thereof the following new subsection:

"(1) QUALIFIED FOOTBALL COACHES PLAN.—For purposes of determining the qualified plan status of a qualified football coaches plan, section 3(37)(F) shall be treated as part of this title and a qualified football coaches plan shall be treated as a multiemployer col-

lectively bargained plan for purposes of title II the Employee Retirement Income Security Act of 1974."

#### SEC. 3. EFFECTIVE DATE.

The amendment made by this Act shall apply to years beginning after the enactment of Public Law 100-202.

By Mr. ROCKEFELLER:

S. 1064. A bill to amend title XIX of the Social Security Act to clarify coverage of certified nurse-midwife services performed outside the maternity cycle under the Medicaid programs; to the Committee on Finance.

#### RELATING TO THE COVERAGE OF CERTIFIED NURSE-MIDWIVES

• Mr. ROCKEFELLER. Mr. President, I am pleased to rise today to introduce a modest, but very important bill. As most of my colleagues know, there are all kinds of barriers to receiving health care. Some barriers are financial. Others are bureaucratic and administrative. The legislation that I am introducing today would eliminate an artificial reimbursement distinction that prevents many women and infants from receiving essential primary and preventive services from certified nurse-midwives.

Certified nurse-midwives are specially trained to provide prenatal care, intrapartum care, postpartum care, normal newborn care, and well-women gynecology, including cancer screening. The quality of care provided by certified nurse midwives has been documented by the Office of Technology Assessment to be of high quality, and equivalent to care provided by a physician. The Institute of Medicine reported that certified nurse-midwives are particularly effective in managing the care of women who, for social or economic reasons, are at high risk of having a low-birthweight infant because of their proven track records in getting their patients to keep appointments and to follow prescribed treatment plans. The IOM recommended that certified nurse-midwives should be used more often and more effectively.

Nurse-midwives have also demonstrated a willingness to provide care to vulnerable and hard-to-reach populations. Over half of the women and infants seen by certified nurse-midwives have their care paid for by Government sources, such as Medicaid, Medicare, or the Indian Health Service. This is more than double the percentage seen by doctors. Almost 60 percent of women cared for by certified nurse-midwives live in areas that are underserved.

Mr. President, more than a decade ago, Congress enacted legislation to require all States to cover care provided by certified nurse-midwives—to the extent these individuals are authorized to practice under State law—under their Medicaid programs. Unfortunately, when the Health Care Financing Administration issued regulations implementing this legislation, an artificial distinction was made between services

related to the maternity cycle and those that are not. HCFA's regulations limited Medicaid coverage provided by certified nurse-midwives to services that only relate to the maternity cycle, even though Congress clearly stated in report language that non-maternity-related services, such as cancer screening services and well-baby care, were meant to be reimbursed.

My legislation would define reimbursable services under Medicaid to include nonmaternity-related services provided by certified nurse-midwives. This will not only improve continuity of care for patients who, once they have completed their families, want to continue seeing the same health practitioner, but it will also increase the availability of primary and preventive services for all women by increasing the supply of health care professionals who can be reimbursed by Medicaid.

In my own State of West Virginia, this legislation will have a significant impact on a small but growing core of certified nurse-midwives. Most of the nurse-midwives in West Virginia provide primary, comprehensive care, including family planning services, breast and cervical cancer screening services, and gynecological care, in addition to maternity-related care. Through a variety of initiatives, the number of certified nurse-midwives in West Virginia has grown from only 4 in 1989, to almost 25 certified nurse-midwives today. Most of this growth has been due to an aggressive effort in West Virginia to improve the availability of health care services for women in rural, underserved areas by training more certified nurse midwives. Certified nurse midwives, because of shorter training times and their willingness to work in underserved areas, can play a valuable role in improving health care access in rural States like West Virginia.

Last year, I was successful in getting this provision included in the Finance Committee's package of Medicare and Medicaid amendments. Unfortunately, it was dropped along with all other Medicaid amendments during conference deliberations.

The Congressional Budget Office estimated last year that this provision would cost \$11 million over 5 years—a preventive services for low-income women. I believe this bill can make a modest but definite improvement in the lives of many women who depend on certified nurse-midwives for their primary care, and I will do what I can to push for its enactment this year.

Mr. President, I ask unanimous consent that my bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1064

Be it enacted in the Senate and House of Representatives of the United States of America in Congress assembled,

#### SECTION 1. CLARIFICATION OF COVERAGE OF CERTIFIED NURSE-MIDWIFE SERVICES PERFORMED OUTSIDE THE MATERNITY CYCLE.

(a) IN GENERAL.—Section 1905(a)(17) of the Social Security Act (42 U.S.C. 1396d(a)(17)) is amended by inserting before the semicolon at the end the following: “, and without regard to whether or not the services are concerned with the management of mothers and newborns throughout the maternity cycle”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to services furnished on or after the date of the enactment of this Act. •

By Mr. DECONCINI:

S. 1065. A bill to deny the People's Republic of China most-favored-nation trade treatment; to the Committee on Finance.

#### DENYING MFN TO CHINA

Mr. DECONCINI. Mr. President, today I once again come to the floor of the Senate to introduce legislation to immediately terminate most-favored-nation [MFN] trade status with the People's Republic of China. While I am a proud cosponsor of the legislation introduced by the distinguished majority leader to condition renewal of China's MFN, I believe we must go further.

I was extremely disappointed yesterday to learn that President Clinton had already determined how his administration will proceed on this important human rights issue. In this Senator's opinion, China has done nothing in the past year to warrant a continuation of the constructive engagement policy of the last administration. The President's decision to extend favorable trade status for one additional year—even with his additional caveats about watching Chinese trade practices and foreign arms sales in the coming year—is yet another black mark in the U.S. human rights record toward China.

All too often the Bush administration chose to coddle the brutal regime of the People's Republic of China [PRC] and to turn its back on the horrible injustices committed by the Chinese gerontocracy. In His campaign President Clinton supported stern measures against the PRC; therefore, we in the Congress have an opportunity and an obligation to tell China's despotic leadership that the United States shall no longer ignore its gross misconduct.

We have entered a new era. The Iron Curtain has fallen and democracy and free market economies are spreading to all corners of the globe. We no longer have to look over our shoulder at the omnipresent threat from the Soviet Union. That age has past. Now we have an opportunity to reevaluate our relationship with China.

Mr. President, of course we want to have friendly, normal relations with all countries. But, as a democracy, we cannot divorce our relations with the peo-



ple of a country from our relations with their government. The cooperation of the Chinese dictators is no longer needed as a counterweight to Soviet expansion. They did us no favors in this regard because they feared the Soviet Union as much as, if not more than, we did. We no longer need to offer preferential trade status to entice China's communist despots to cooperate in international affairs.

The international community is imposing an economic blockade on the Serbs because of the terrible acts they are committing against Bosnia's Moslem population. Many members of Congress and I are calling for even harsher measures against the Serbian leaders. The Chinese leaders are committing less overt, but no less terrible crimes against their own people, and given the size of the Chinese population, the numbers of human lives affected is probably comparable to the number in Bosnia. My legislation to terminate MFN status for China is a far cry from an economic blockade, but we must draw the line somewhere.

It is high time that the United States once again champion that cause of democracy and human decency for all people of the world, including those living inside the boundaries of the People's Republic of China. We must take up the rally call of our newly elected president who on June 3, 1992, in reference to President Bush's renewing MFN for China, declared that "It is time to put America back on the side of democracy and freedom."

In 1991, former President Bush addressed the Yale student body and justified his position on China by stating that "the most compelling reason to renew MFN and remain engaged in China is not economic; it's not strategic but moral." My colleagues, I say to you this is the very reason to revoke China's Most Favored Nation status. Above all else, the United States has an obligation to not turn its head as the most basic principles of human rights and freedoms are trampled under an iron boot in China.

China's reaction to a hardline stance on human rights is farcically predictable. Each year when MFN is under review, the decrepit Chinese leadership makes a token gesture of leniency in the hope that it can beguile us into believing they are making progress on their human rights record. This was the sad case again this year. Just nine days after President Clinton took office, the Chinese government—in an obvious attempt to soften him up—released two political prisoners. Wang Xizhe, an activist who has been jailed since the 1979 Democracy Wall movement, was one of those released. Gao Shan, an economist jailed in connection with the 1989 Tiananmen Square protest, was the other. The shallowness of this action is revealed when the cases are examined closely. Wang was

released after already serving 12 years of a 14-year prison term, and Gao had only a few short months of his sentence remaining. This is not a serious reversal of China's human rights record; it is mere grandstanding in an effort to make the world forget about the thousands of other lesser known political and religious prisoners who are unjustly kept in jails, labor camps, and detention centers.

By freeing well known figures, those that have nearly completed their sentences, or those in poor health, Chinese officials hope to blind us with a public relations smokescreen. My colleagues, if you look through this facade, you will see conditions that we can no longer ignore.

The human rights organization Asia Watch has recently released a report providing detailed information on several dissidents who are still being unjustly imprisoned. Xu Wenli and Wei Jingsheng were both Democracy Wall activists from the 1970's and both are serving 15-year sentences. For 13 years Xu has been confined to China's so-called model prison, Beijing No. 1. For 3½ of those years, he was held in a windowless damp box so small that he could not stand. This unquestionably cruel treatment is made more tragic by the fact it directly violates Chinese law.

Wei Jingsheng, another major figure in the Democracy Wall movement, has been imprisoned even longer. Wei is reported to be in poor mental and physical health. Nevertheless, he is now serving the remainder of his 15-year sentence in a forced labor camp in southern China. Wei was recently awarded the Gleitsman Foundation International Activist Award. The Chinese Government made a mockery of this award by releasing a tape purporting to show Wei smiling while on a shopping spree. This man serves a symbol to all of us who support democracy the world over, and that is why many of my colleagues and I proudly put our signatures on a letter appealing to the Chinese Government to let this courageous man go free.

These two men are symbols of the greater repressive atmosphere in China. According to a State Department report released last year, China remains repressive and falls short of internationally recognized human rights norms. Concurring with the State Department's report are such organizations as Asia Watch and Amnesty International, each of which document China's despicable disregard for human rights. Despite the recent releases of highly public figures, Mr. Robin Munro of Asia Watch states that, for the average Chinese, government repression has increased over the last 12 months. This increase in repression follows a tide of new legislation enacted by China's Ministry of Public Security on June 15, 1992 which allows

for strict enforcement of a ban on any protests or demonstrations not sanctioned by the government. These laws authorize the use of all police methods to suppress even peaceful associations. The world witnessed these methods in the 1989 Tiananmen Square massacre. In effect, what this means is an increase in torture and beatings, arrests, and deportations.

An even more dubious method employed is disappearances. Disappearances of Chinese citizens increased starting 8 months ago when China initiated a swift and brutal crackdown on underground democracy movements. In this ruthless campaign, dozens of citizens were seized from their homes, leaving their families no information about their whereabouts. Asia Watch recently published a list of 40 underground pro-democracy activities forcibly seized in this manner. One of the first people to disappear was Dr. Kang Yuchun, who was taken from his place of work. After 8 months, Dr. Kang is still missing, and the Chinese Government has yet to inform his family where or even why he is being held. This is an outrage—even more so since it is in violation of China's own law, which stipulates that families must be notified within 24 hours of the seizure of one of its members.

Religious figures such as priests, bishops, and monks are also routinely taken, beaten, and never returned to their families. Bishop Fan Xueyan was seized by Chinese Government authorities in 1990. His lifeless body, with numerous signs of torture, was returned to his family by public security officers 2 years later. This behavior is despicable and unacceptable. These actions should not be rewarded with MFN, but rather with condemnation and outrage on our behalf.

For the literally tens of thousands of political and religious prisoners of conscience, life is a living hell. The most sadistic forms of torture are indiscriminately used on poor people. Prisoners are routinely beaten with batons and shocked with electric cattle prods. Amnesty International has published reports of dissidents having their arms and legs tied behind their backs and suspended from the ceiling for hours at a time. Other torture methods have been described in this body on other occasions. The tragic bottom line is that these activities continue while our trade relations remain normal.

The Chinese Government takes especially harsh measures against the people of Tibet. Recent reports from Asia Watch and other human rights organizations continue to document this official oppression. The Chinese illegally annexed Tibet in 1949, claiming sovereignty over the region. Repression of indigenous independence movements has led to the imprisonment, torture, and deaths of hundreds of thousands of Tibetans throughout the years. Dem-

onstrators against Chinese rule are charged with the crime of trying to split China apart and are subject to brutal repression. China's claim on Tibet holds as much legal validity as Iraq claiming Kuwait is its Province Nineteen. China is also actively engaged worldwide to repress the Tibetan independence movement. Recently it used its political power to have the Dali Lama, Tibet's highest religious and political leader, barred from attending a conference in Thailand. Why is China so worried about us meddling in their internal affairs when they do not seem to mind influencing other nations?

As if human rights abuses were not reason enough to suspend MFN, China is also a dangerous source of nuclear and conventional weapons proliferation. China has sold Silkworm antiship missiles to Pakistan and Iraq, and has sold sophisticated weapons, technology, and solid rocket missile fuel to Syria. China also assisted Iraq in its nuclear weapons development program. In February, China announced that it would build two 300 megawatt nuclear power reactors for Iran. It claims that the reactors would be used for peaceful purposes, but United States officials claim China has also sold Iran equipment capable of enriching uranium for nuclear arms. These sales are clearly a threat to United States security interests and the Chinese must clearly understand this.

More recently, China has fostered further international nuclear instability in its actions toward North Korea. According to many experts, the aging and paranoid Stalinist regime in Pyongyang has initiated a rigorous nuclear weapons program and, according to some reports, has already created weapons of mass destruction. North Korea's withdrawal from the Non-proliferation Treaty [NPT] and its refusal to allow inspectors from the International Atomic Energy Agency [IAEA] to review two suspected weapons sites are cause for rising tensions. The situation could be resolved peacefully if the United Nations Security Council was allowed to investigate the problem, but China has blocked many efforts at an international solution. China has not been held accountable for its support of the nuclear weapons programs of highly unstable and aggressive regimes, and this cannot be allowed to continue.

Another serious concern is China's own military buildup. According to a Washington Post article on March 31, China has been vigorously purchasing Russian aircraft, tanks, early warning radars, and other military equipment. It is also making its neighbors very nervous by claiming the whole South China Sea as its territory, and backing this up by extending its military influence into the region with the creation of air bases and a blue-water navy.

This aggressiveness is making this area of the globe potentially the most unstable and heavily armed region of the world.

Unfortunately, the debate on renewing MFN inevitably becomes an economic issue. Those who support renewal claim that by withdrawing MFN status from China, money and jobs will be lost to the American economy. But look at the facts. According to the Department of Commerce, the United States built up an \$18.26 billion trade deficit with China, our second largest trade deficit after Japan.

China has been able to build this huge trade gap by using such dubious means as manufacturing cheap goods with prison labor. Asia Watch has shown that there are hundreds of prisons that double as factories. For example, the Changea Prison, holding 3,000 women prisoners, is called the New Life Cotton Quilt Printing Factory, and the Hengshan Tungsten Mine is also the Hengshan Labor Reform Detachment. Asia Watch was even able to find Chinese documentation of one such prison factory, the Hunan Silk Factory, which has been exporting goods to the United States since the early 1980s.

Many such prison factories are suspected of exporting cheap products—especially textiles—to the United States. China is able to export to the United States billions of dollars worth of cheap textiles produced by prison labor by hiding the true origin of these goods. China is also guilty of dumping these goods on the American market in an attempt to undermine our textile industry. Clearly, China's MFN status does not produce jobs, but rather steals them from people right here at home.

Mr. President, by revoking MFN status for China we will not isolate it or create an aggressive atmosphere between our two countries. That is not the purpose of the bill I introduce today. The purpose is to obtain fundamental changes in the way the Chinese Government treats its people and interacts globally. However, the simple fact remains that the aging, repressive government in Beijing has ignored our insistence on improving human rights, stopping nuclear and conventional proliferation, and instituting fair trade practices. China brushed us off because it was guaranteed by President Bush to receive MFN renewal.

Mr. President, the Clinton administration must not be so lax with Chinese violations; it is therefore up to us to send a strong message to Beijing that America will no longer condone Chinese misconduct. I urge your support for this legislation to terminate MFN because, if we reward China with MFN this year, then surely we will all share in the repression by its despotic rulers in the years to come.

I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1065

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. FINDINGS.

The Congress finds that:

(1) The People's Republic of China has engaged in flagrant violations of internationally recognized standards of human rights including—

(A) the illegal seizure and disappearance of forty pro-democracy activists as reported on March 2, 1993, by the human rights organization Asia Watch.

(B) the continuation of a policy of mandatory sterilization and forced adherence to the one-child per family policy through, among other methods, the persecution of doctors who have removed government-mandated intrauterine devices from women; and

(C) continued reports of torture and otherwise cruel treatment of political prisoners; and

(D) the religious persecution of citizens of China and Tibet by detention and house arrest.

(2) The People's Republic of China continues to harass and restrict the Chinese and international media and to interfere in Voice of America broadcasts to China and Tibet.

(3) Troops of the People's Republic of China have killed approximately 1 million Tibetans during China's illegal occupation of Tibet, according to information provided by the Dali Lama to Congress and the President.

(4) The People's Republic of China continues to engage in a policy of forced labor, according to reports from Asia Watch and the General Accounting Office.

(5) The People's Republic of China has refused to restrict the proliferation on biological, chemical, and nuclear weapons and technology throughout the Third World, most recently, concluding agreements to build two nuclear reactors for Iran, after reportedly selling Iran uranium enriching equipment capable of producing weapons grade material.

#### SEC. 2. DENIAL OF MOST-FAVORED-NATION TRADE TREATMENT TO THE PEOPLE'S REPUBLIC OF CHINA.

Notwithstanding any other provision of law—

(1) the President shall terminate or withdraw any portion of any trade agreement or treaty that relates to the provision of non-discriminatory (most-favored-nation) trade treatment to the People's Republic of China shall be denied nondiscriminatory (most-favored-nation) trade treatment by the United States and the products of the People's Republic of China shall be subject to the rates of duty set forth in column number 2 of the Harmonized Tariff Schedule of the United States; and

(3) the People's Republic of China may not be provided nondiscriminatory (most-favored-nation) trade treatment under any provision of title IV of the Trade Act of 1974 (19 U.S.C. 2431, et seq.).

#### SEC. 3. EFFECTIVE DATE.

The provisions of this Act shall apply with respect to articles entered, or withdrawn from warehouse for consumption, after the date that is 15 days after the date of the enactment of this Act.

By Mr. RIEGLE (for himself and Mr. LEVIN):



S. 1066. A bill to restore Federal services to the Pokagon Band of Potawatomi Indians; to the Committee on Indian Affairs.

#### RECOGNIZING THE POKAGON INDIANS

• Mr. RIEGLE. Mr. President, I rise to introduce legislation to provide Federal recognition for the Pokagon Band of Potawatomi Indians. I am pleased to be joined by my friend and colleague from Michigan, Senator LEVIN.

We in the Federal Government have not lived up to the trust relationship that we should have developed with this country's Indian tribes. The history of our Government's relationship with our native people is full of broken promises and unfulfilled opportunities. Today, over 200 years after the first negotiations between the Federal Government and Indian tribes, many issues remain unresolved or inadequately addressed.

This situation is particularly true as it relates to Federal recognition of Indian tribes. Tribes that have existed for centuries in one part of what is now the United States have not been acknowledged as having distinct communities and specific legal rights.

The Federal Government has created procedures intermittently over the last two centuries to formalize its relationship with Indian tribes. The Federal approval process, administered by the Bureau of Indian Affairs, is the latest attempt to resolve long-standing issues related to Federal recognition.

The Pokagon Band of Potawatomi Indians has formally applied for Federal recognition. Unfortunately, that process of obtaining recognition moves slowly, and in the Pokagons' case, backward. Although the Pokagons have been placed on the list to receive active consideration, other tribes have been moved ahead of them and they have been forced to wait even longer.

The delay the Pokagons have faced is unacceptable. The tribe has assembled a great deal of documentation to support its claim for recognition, including a book that details its tribal history and its relationship with the Federal Government. The brief summary of the history that follows is based primarily on that documentation.

Among the principal requirements set out in the recognition process is that the tribe have a substantially continuous Indian identity from the perspective of the Federal Government. The Pokagons have had interaction with the Federal Government from the earliest time in our Nation's history. The tribe is descended from a tribe that was a signer of the Treaty of Greenville of 1795 that resolved conflict among tribes in the Michigan and Ohio region. The Pokagon Band of Potawatomi Indians is the descendent of signatories of eight other treaties between 1800 and 1830.

The tribe has inhabited the area in what is now southwestern Michigan

and northern Indiana at least from the time the United States was formed to the present. The right to live on that land was formalized in the 1832 Treaty of Tippecanoe. However, shortly after that agreement, the Federal Government began to implement the Indian Removal Act in western Michigan. Many of the Potawatomi Indians moved west as a result of that action. But, importantly, the Pokagon Band refused to move west.

In the 1833 Treaty of Chicago—a key piece of evidence that addresses many of the requirements for Federal recognition—the tribe negotiated the right to remain in Michigan. That right, incidentally, was reaffirmed by the Michigan Superintendent of Indian Affairs, the Commissioner of Indian Affairs, the Senate, and the Supreme Court of the United States.

From that time period forward to the present, the Pokagon Band has remained in Michigan and Indiana and has had dealings with the Federal, State, and local governments. In turn, representatives of these various levels of government consistent identified this tribe as a distinct group.

Many of the tribe's interactions with the Federal Government in the 19th century were related to annuities due to them because of a breach in the Treaty of Chicago. In the tribe's effort to obtain full payment of the annuities due to them, it worked through Congress and the courts. The Pokagons were ultimately successful in that effort and annuities were paid to the tribe.

The Pokagon Band applied for Federal recognition under the Indian Reorganization Act in the 1930's. As many familiar with the history of Indian recognition know, financial constraints and a lack of interest by the Federal Government were largely responsible for the decision not to apply the Indian Reorganization Act to Michigan.

Despite that setback, the tribe continued after World War II to seek an explicit legal identity. In 1952, the tribe was certified under Michigan law as a nonprofit corporation identified as the Potawatomi Indians of Michigan and Indiana. In 1981, it filed a petition for Federal acknowledgment with the Secretary of the Interior—12 years later, that process has not been completed.

Mr. President, the Pokagon Band of Potawatomi Indians should be federally recognized. The historical record supporting recognition is well-developed and convincing. And in reading and hearing the history of the Pokagons, it helps us understand how the Federal Government has not met its obligations to America's native people. I believe that Federal recognition of the Pokagons will help in a small way to create a new level of trust. It is long overdue. I urge my colleagues to support this legislation. I ask unanimous consent that the text of the bill be included in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1066

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. FINDINGS.

The Congress finds the following:

(1) The Pokagon Band of Potawatomi Indians is the descendant of, and political successor to, the signatories of the Treaty of Greenville 1795 (7 Stat. 49); the Treaty of Grouseland 1805 (7 Stat. 91); the Treaty of Spring Wells 1815 (7 Stat. 131); the Treaty of the Rapids of the Miami of Lake Erie 1817 (7 Stat. 160); the Treaty of St. Mary's 1818 (7 Stat. 185); the Treaty of Chicago 1821 (7 Stat. 218); the Treaty of the Mississinewa on the Wabash 1826 (7 Stat. 295); the Treaty of St. Joseph 1827 (7 Stat. 305); the Treaty of St. Joseph 1828 (7 Stat. 317); the Treaty of Tippecanoe River 1832 (7 Stat. 399); and the Treaty of Chicago 1833 (7 Stat. 431).

(2) In the Treaty of Chicago 1833, the Pokagon Band of Potawatomi Indians was the only band that negotiated a right to remain in Michigan. The other Potawatomi bands relinquished all lands in Michigan and were required to move to Kansas or Iowa.

(3) Two of the Potawatomi bands later returned to the Great Lakes area, the Forest County Potawatomi of Wisconsin and the Hannahville Indian Community of Michigan.

(4) The Hannahville Indian Community of Michigan, the Forest County Potawatomi Community of Wisconsin, the Prairie Band of Potawatomi Indians of Kansas, and the Citizen Band Potawatomi Indian Tribe of Oklahoma, whose members are also descendants of the signatories to one or more of the aforementioned treaties, have been recognized by the Federal Government as Indian tribes eligible to receive services from the Secretary of the Interior.

(5) Beginning in 1935, the Pokagon Band of Potawatomi Indians petitioned for reorganization and assistance pursuant to the Act of June 18, 1934 (25 U.S.C. 461 et seq., commonly referred to as the "Indian Reorganization Act"). Because of the financial condition of the Federal Government during the Great Depression it relied upon the State of Michigan to provide services to the Pokagon Band. Other Potawatomi bands, including the Forest County Potawatomi and the Hannahville Indian Community were provided services pursuant to the Indian Reorganization Act.

(6) Agents of the Federal Government in 1939 made an administrative decision not to provide services or extend the benefits of the Indian Reorganization Act to any Indian tribes in Michigan's lower peninsula.

(7) Tribes elsewhere, including the Hannahville Indian Community in Michigan's upper peninsula, received services from the Federal Government and were extended the benefits of the Indian Reorganization Act.

(8) The Pokagon Band of Potawatomi Indians consists of at least 1,500 members who continue to reside close to their ancestral homeland in the St. Joseph River Valley in southwestern Michigan and northern Indiana.

(9) In spite of the denial of the right to organize under the Indian Reorganization Act, the Pokagon Band has continued to carry out its governmental functions through a Business Committee and Tribal Council from treaty times until today.

(10) The United States Government, the government of the State of Michigan, and

local governments have had continuous dealings with the recognized political leaders of the Band from 1795 until the present.

## SEC. 2. FEDERAL RECOGNITION.

Federal recognition of the Pokagon Band of Potawatomi Indians is hereby affirmed. Except as otherwise provided in this Act, all Federal laws of general application to Indians and Indian tribes, including the Act of June 18, 1934 (25 U.S.C. 461 et seq.), shall apply with respect to the Band and its members.

## SEC. 3. SERVICES.

Notwithstanding any other provision of law, the Band and its members shall be eligible, on and after the date of the enactment of this Act, for all Federal services and benefits furnished to federally recognized Indian tribes without regard to the existence of a reservation for the Band or the location of the residence of any member on or near an Indian reservation.

## SEC. 4. TRIBAL MEMBERSHIP.

Not later than 18 months after the date of the enactment of this Act, the Band shall submit to the Secretary membership rolls consisting of all individuals eligible for membership in such Band. The qualifications for inclusion on the membership rolls of the Band shall be determined by the membership clauses in the Band's governing documents, in consultation with the Secretary. Upon completion of the rolls, the Secretary shall immediately publish notice of such in the Federal Register. The Bands shall ensure that such rolls are maintained and kept current.

## SEC. 5. CONSTITUTION AND GOVERNING BODY.

### (a) CONSTITUTION.—

(1) **ADOPTION.**—Not later than 24 months after the date of the enactment of this Act, the Secretary shall conduct, by secret ballot and in accordance with the provisions of section 16 of the Act of June 18, 1934 (25 U.S.C. 476), an election to adopt a constitution and bylaws for the Band.

(2) **INTERIM GOVERNING DOCUMENTS.**—Until such time as a new constitution is adopted under paragraph (1), the governing documents in effect on the date of enactment of this Act shall be the interim governing documents for the Band.

### (b) OFFICIALS.—

(1) **ELECTION.**—Not later than 6 months after the Band adopts a constitution and bylaws pursuant to subsection (a), the Secretary shall conduct elections by secret ballot for the purpose of electing officials for the Band as provided in the Band's constitution. The election shall be conducted according to the procedures described in subsection (a), except to the extent that such procedures conflict with the Band's constitution.

(2) **INTERIM GOVERNMENT.**—Until such time as the Band elects new officials pursuant to paragraph (1), the Band's governing body shall be the governing body in place on the date of the enactment of this Act, or any new governing body selected under the election procedures specified in the interim governing documents of the Band.

## SEC. 6. TRIBAL LANDS.

The Band's tribal land shall consist of all real property, including the land upon which the Tribal Hall is situated, now or hereafter held by, or in trust for, the Band. The Secretary shall acquire real property for the Band. Any such real property shall be taken by the Secretary in the name of the United States in trust for the benefit of the Band and shall become part of the Band's reservation.

## SEC. 7. SERVICE AREA.

The Band's service area shall consist of the Michigan counties of Allegan, Berrien, Van

Buren, and Cass and the Indiana counties of La Porte, St. Joseph, Elkhart, Starke, Marshall, and Kosciusko.

## SEC. 8. JURISDICTION.

The Band shall have jurisdiction to the full extent allowed by law over all lands taken into trust for the benefit of the Band by the Secretary. The Band shall exercise jurisdiction over all its members who reside within the service area in matters pursuant to the Indian Child Welfare Act, 25 U.S.C. 1901 et seq., as if the members were residing upon a reservation as defined in that Act.

## SEC. 9. DEFINITIONS.

For purposes of this Act—

(1) the term "Band" means the Pokagon Band of Potawatomi Indians;

(2) the term "member" means those individuals eligible for enrollment in the Band pursuant to section 4; and

(3) the term "Secretary" means the Secretary of the Interior.●

By Mr. MITCHELL (for Mr. KRUEGER):

S. 1067. A bill to authorize and encourage the President to conclude an agreement with Mexico to establish a United States-Mexico Border Health Commission; to the Committee on Foreign Relations.

### BORDER HEALTH CARE COMMISSION ACT

● Mr. KRUEGER. Mr. President, I am introducing legislation to create a United States-Mexico Border Health Commission. Long overdue, this Commission provides a forum and a mechanism for the two countries to coordinate and improve their public health and health education efforts.

The need for this Border Health Commission is clear. Residents from San Diego to Brownsville suffer from ailments that have long been conquered in other parts of the country. Residents have a rate of tuberculosis which is twice that of the national average, measles nearly three times more prevalent along the border than in the United States as a whole. Cholera, a disease we have not heard mention in many years in our country, is epidemic in part of Mexico and it continues to threaten to cross the border into the United States.

Water borne diseases are devastating along the border because of living conditions that are fiercely challenging. Three hundred and fifty thousand people live in colonias in the United States. Unincorporated communities without clean drinking water or safe wastewater systems. Every day the residents of these communities are exposed to hepatitis, cholera, and other Third World diseases.

Local communities and the States of Texas have been working very hard to address these serious problems. But they cannot succeed in a vacuum. Without help and coordination from Mexico, there is no effective way to eliminate these diseases that know no borders.

This legislation would bring together representatives of the Federal Governments, United States border States and

the Government of Mexico to establish a joint strategy for health care along the border. The commission would also promote vaccination and education during disease outbreaks, and would have the authority to act on behalf of the member governments.

Congressman RON COLEMAN, my fellow concerned Texan, has worked tirelessly over the years to develop this important concept, and his efforts are worthy of mention in this Chamber. This commission is an important complement to the national health care reform we will soon deliberate.

I respectfully request urgent support for the Bi-National Border Health Care Commission.

I ask unanimous consent that following my remarks the full text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1067

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

## SECTION 1. AGREEMENT TO ESTABLISH BINATIONAL COMMISSION.

The President is authorized and encouraged to conclude an agreement with Mexico to establish a binational commission to be known as the United States-Mexico Border Health Commission.

## SEC. 2. DUTIES.

It should be the duty of the Commission—

(1) to conduct a comprehensive needs assessment in the United States-Mexico border area for the purposes of identifying, evaluating, preventing, and resolving health problems that affect the general population of the area;

(2) to implement the actions recommended by the needs assessment by—

(A) assisting in the coordination of the efforts of public and private persons to prevent and resolve such health problems,

(B) assisting in the coordination of the efforts of public and private persons to educate such population concerning such health problems, and

(C) developing and implementing programs to prevent and resolve such health problems and to educate such population concerning such health problems where a program is necessary to meet a need that is not being met by the efforts of other public or private persons; and

(3) to formulate recommendations to the Governments of the United States and Mexico concerning a fair and reasonable method by which the government of one country would reimburse a public or private person in the other country for the cost of a health care service that the person furnishes to a citizen or resident alien of the first country who is unable, through insurance or otherwise, to pay for the service.

## SEC. 3. OTHER AUTHORIZED FUNCTIONS.

In addition to the duties described in section 2, the Commission should be authorized to perform the following additional functions as the Commission determines to be appropriate:

(1) To conduct or sponsor investigations, research, or studies designed to identify, study, and monitor health problems that affect the general population in the United States-Mexico border area.



(2) To provide financial, technical, or administrative assistance to public or private persons who act to prevent, resolve, or educate such population concerning such health problems.

#### SEC. 4. MEMBERSHIP.

(a) NUMBER AND APPOINTMENT OF UNITED STATES SECTION.—The United States section of the Commission should be composed of 13 members. The section should consist of the following members:

(1) The Secretary of Health and Human Services or such individual's delegate.

(2) The commissioners of health from the States of Texas, New Mexico, California, and Arizona or such individuals' delegates.

(3) 2 individuals from each of the States of Texas, New Mexico, California, and Arizona who are nominated by the chief executive officer of one of such States and are appointed by the President from among individuals—

(A) who have a demonstrated interest in health issues of the United States-Mexico border area; and

(B) whose name appears on a list of 6 nominees submitted to the President by the chief executive officer of the State where the nominees resides.

(b) COMMISSIONER.—The Commissioner of the United States section of the Commission should be the Secretary of Health and Human Services or such individual's delegate to the Commission. The Commissioner should be the leader of the section.

#### SEC. 5. REGIONAL OFFICES.

The Commission should establish no fewer than 2 regional border offices in locations selected by the Commission.

#### SEC. 6. REPORTS.

Not later than February 1 of each year that occurs more than 1 year after the date of the establishment of the Commission, the Commission should submit an annual report to both the United States Government and the Government of Mexico regarding all activities of the Commission during the preceding calendar year.

#### SEC. 7. DEFINITIONS.

For purposes of this Act:

(1) COMMISSION.—The term "Commission" means the United States-Mexico Border Health Commission authorized in section 1.

(2) HEALTH PROBLEM.—The term "health problem" means a disease or medical ailment or an environmental condition that poses the risk of disease or medical ailment. The term includes diseases, ailments, or risks of disease or ailment caused by or related to environmental factors, control of animals and rabies, control of insect and rodent vectors, disposal of solid and hazardous waste, and control and monitoring of air and water quality.

(3) RESIDENT ALIEN.—The term "resident alien", when used in reference to a country, means an alien lawfully admitted for permanent residence to the country or otherwise permanently residing in the country under color of law (including residence as an asylee, refugee, or parolee).

(4) UNITED STATES-MEXICO BORDER AREA.—The term "United States-Mexico border area" means the area located in the United States and Mexico within 100 kilometers of the border between the United States and Mexico.●

By Mr. ROBB:

S. 1068. A bill to reduce the Federal budget deficit and encourage energy conservation through an increase in the motor fuels excise tax, and for other purposes; to the Committee on Finance.

#### INCREASING MOTOR FUELS EXCISE TAX

Mr. ROBB. Madam President, during consideration of the energy bill last year the Senate adopted an amendment I offered calling for Congress to study the advisability of increasing the motor fuels tax as a way of encouraging conservation, reducing oil imports, stemming pollution, and encouraging the production of alternative fuels.

Last week I received the results of a study conducted by the Congressional Research Service [CRS], which confirms that the gasoline tax is an excellent tool for achieving those policy goals, and provides guidance on how large the increase should be.

At the time I offered the study amendment which was on the heels of the Persian Gulf war, I was particularly focused upon the need to reduce oil imports.

Reliance on imported oil was a major factor in our involvement in that war, and I thought it was wrong to be debating energy policy without even mentioning the gas tax, widely seen as the most potent tool available for encouraging conservation.

As I said at the time, in the 1970's, our dependence on foreign oil cost us jobs; in the early 1990's, it cost us lives.

Because President Bush had made clear he would veto any new taxes, I proposed a tax-shifting strategy, where the existing income tax burden was shifted to the gasoline pump.

I stated at the time that I personally preferred that the revenue go toward deficit reduction, but I concluded that if we went for both the fiscal and conservation benefits of the gasoline tax, we might in fact end up with neither.

But the situation is different now.

I applaud President Clinton for being more serious about deficit reduction than his immediate predecessors, and his proposal to impose an energy tax, though controversial, is certainly courageous.

Indeed, only upon introduction of the Btu tax has serious talk of increasing the gasoline tax become possible.

Where the auto companies once stood alone in an unlikely alliance with environmentalists in favoring the gas tax, now a whole range of industries, see it in their self-interest, to support a gas tax.

While I applaud the President for his commitment and his courage in proposing the energy tax, and I have and will continue to support the President, I personally believe that the gas tax is a better option than the Btu tax.

The CRS report I received last week found that the gas tax has smaller macroeconomic effects, is easier to administer, involves less regional distortion, is less regressive, is a better correction for externalities, is better at reducing air pollution, is better at reducing oil imports, and is less likely to adversely affect American competitive-

Accordingly, I rise today to introduce legislation to increase the motor fuels tax by 50 cents over 5 years.

The bill would also expand the earned income tax credit in order to address the regressive impact of the energy tax.

Increasing the gas tax by a dime per gallon each year for 5 years should bring in gross receipts of roughly \$150 billion, and net receipts of more than \$130 billion.

Madam President, I am more convinced than ever that we should move forward on increasing the gasoline tax.

While I support the President's overall proposal, and do not, and will not, in any way undercut it, I would simply point out that a gasoline tax would raise more revenue, more efficiently, with fewer harms and greater benefits, and I urge my colleagues to consider it.

Madam President, I ask unanimous consent that a copy of the CRS report and a copy of my proposed legislation be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1068

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. ADDITIONAL TAX ON MOTOR FUELS.

(a) 50-CENT INCREASE OVER THE NEXT 5 CALENDAR YEARS.—

(1) GASOLINE.—Subparagraph (B)(iii) of section 4081(a)(2) of the Internal Revenue Code of 1986 (relating to rates of tax) is amended by striking "2.5 cents a gallon" and inserting "2.5 cents a gallon, increased by 10 cents a gallon in each calendar year beginning after December 31, 1993, and ending before January 1, 1999".

(2) DIESEL FUEL.—Paragraph (4) of section 4091(b) of the Internal Revenue Code of 1986 (relating to rates of tax) is amended by striking "2.5 cents a gallon" and inserting "2.5 cents a gallon, increased by 10 cents a gallon in each calendar year beginning after December 31, 1993, and ending before January 1, 1999".

(b) FLOOR STOCKS TAX.—

(1) IMPOSITION OF TAX.—On gasoline or diesel fuel subject to tax under section 4081 or 4091 of the Internal Revenue Code of 1986, which on the first day of any tax increase calendar year is held by a dealer for sale, there is hereby imposed a floor stocks tax equal to the tax increase for such year.

(2) APPLICATION OF OTHER LAWS.—All other provisions of law, including penalties, applicable with respect to the taxes imposed by sections 4081 and 4091 of such Code shall apply to the floor stocks tax imposed by this subsection.

(3) DUE DATE OF TAX.—The taxes imposed by this subsection shall be paid before February 15th of the calendar year to which the tax relates.

(4) DEFINITIONS.—For purposes of this subsection—

(A) DEALER.—The term "dealer" includes a wholesaler, jobber, distributor, or retailer.

(B) HELD BY A DEALER.—An article shall be considered as "held by a dealer" if title thereto has passed to such dealer (whether or not delivery to the dealer has been made) and if, for purposes of consumption, title to such article or possession thereof has not at

any time been transferred to any person other than a dealer.

(C) **TAX INCREASE CALENDAR YEAR.**—The term "tax increase calendar year" means any calendar year beginning after December 31, 1993, in which the deficit reduction rate or the diesel deficit reduction rate has increased over such rate for the preceding calendar year.

(c) **CONFORMING AMENDMENTS.**—

(1) Section 4081(d)(3) of the Internal Revenue Code of 1986 is amended by striking "1995" and inserting "1999".

(2) Section 4091(b)(6)(D) of such Code is amended by striking "1995" and inserting "1999".

(3) Section 4041(m)(1)(A) of such Code is amended by striking "1.25 cents per gallon" and inserting "one-half of the deficit reduction rate in effect under section 4081 at the time of such sale or use".

(d) **EFFECTIVE DATE.**—The amendments made by this section shall apply to gasoline removed (as defined in section 4082 of the Internal Revenue Code of 1986) and sales of diesel fuel (as defined in section 4092(a)(2) of such Code) made after December 31, 1993.

## SEC. 2. EXPANSION AND SIMPLIFICATION OF EARNED INCOME TAX CREDIT.

(a) **GENERAL RULE.**—Section 32 of the Internal Revenue Code of 1986 (relating to earned income credit) is amended by striking subsections (a) and (b) and inserting the following:

"(a) **ALLOWANCE OF CREDIT.**—

"(1) **IN GENERAL.**—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to the credit percentage of so much of the taxpayer's earned income for the taxable year as does not exceed the earned income amount.

"(2) **LIMITATION.**—The amount of the credit allowable to a taxpayer under paragraph (1) for any taxable year shall not exceed the excess (if any) of—

"(A) the credit percentage of the earned income amount, over

"(B) the phaseout percentage of so much of the adjusted gross income (or, if greater, the earned income) of the taxpayer for the taxable year as exceeds the phaseout amount.

"(b) **PERCENTAGES AND AMOUNTS.**—For purposes of subsection (a)—

"(1) **PERCENTAGES.**—The credit percentage and the phaseout percentage shall be determined as follows:

"(A) **IN GENERAL.**—In the case of taxable years beginning after 1994:

In the case of an eligible individual with:	The credit percentage is:	The phaseout percentage is:
1 qualifying child .....	34.37	16.16
2 or more qualifying children .....	39.66	19.83
No qualifying children .....	7.65	7.65

"(B) **TRANSITIONAL PERCENTAGES.**—In the case of a taxable year beginning in 1994:

In the case of an eligible individual with:	The credit percentage is:	The phaseout percentage is:
1 qualifying child .....	26.60	16.16
2 or more qualifying children .....	31.59	15.79
No qualifying children .....	7.65	7.65

"(2) **AMOUNTS.**—The earned income amount and the phaseout amount shall be determined as follows:

"(A) **IN GENERAL.**—In the case of taxable years beginning after 1994:

In the case of an eligible individual with:	The earned income amount is:	The phaseout amount is:
1 qualifying child .....	\$6,000	\$11,000
2 or more qualifying children .....	\$8,500	\$11,000
No qualifying children .....	\$4,000	\$5,000

"(B) **TRANSITIONAL AMOUNTS.**—In the case of a taxable year beginning in 1994:

In the case of an eligible individual with:	The earned income amount is:	The phaseout amount is:
1 qualifying child .....	\$7,750	\$11,000
2 or more qualifying children .....	\$8,500	\$11,000
No qualifying children .....	\$4,000	\$5,000

(b) **ELIGIBLE INDIVIDUAL.**—Subparagraph (A) of section 32(c)(1) of the Internal Revenue Code of 1986 (defining eligible individual) is amended to read as follows:

"(A) **IN GENERAL.**—The term 'eligible individual' means—

"(i) any individual who has a qualifying child for the taxable year, or

"(ii) any other individual who does not have a qualifying child for the taxable year, if—

"(I) such individual's principal place of abode is in the United States for more than one-half of such taxable year,

"(II) such individual (or, if the individual is married, the individual's spouse) has attained age 22 before the close of the taxable year, and

"(III) such individual (or, if the individual is married, the individual's spouse) is not a dependent for whom a deduction is allowable under section 151 to another taxpayer for any taxable year beginning in the same calendar year as such taxable year."

(c) **INFLATION ADJUSTMENTS.**—Section 32(i) of the Internal Revenue Code of 1986 (relating to inflation adjustments) is amended—

(1) by striking paragraphs (1) and (2) and inserting the following new paragraph:

"(1) **IN GENERAL.**—In the case of any taxable year beginning after 1994, each dollar amount contained in subsection (b)(2)(A) shall be increased by an amount equal to—

"(A) such dollar amount, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3), for the calendar year in which the taxable year begins, by substituting 'calendar year 1993' for 'calendar year 1992', and

(2) by redesignating paragraph (3) as paragraph (2).

(d) **CONFORMING AMENDMENTS.**—

(1) Subparagraph (D) of section 32(c)(3) of the Internal Revenue Code of 1986 is amended—

(A) by striking "clause (i) or (ii)" in clause (iii) and inserting "clause (i)",

(B) by striking clause (ii), and

(C) by redesignating clause (iii) as clause (ii).

(2) Paragraph (3) of section 162(l) of such Code is amended to read as follows:

"(3) **COORDINATION WITH MEDICAL DEDUCTION.**—Any amount paid by a taxpayer for insurance to which paragraph (1) applies shall not be taken into account in computing the amount allowable to the taxpayer as a deduction under section 213(a)."

(3) Section 213 of such Code is amended by striking subsection (f).

(4) Subsection (b) of section 3507 of such Code is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and by inserting after paragraph (1) the following new paragraph:

"(2) certifies that the employee has 1 or more qualifying children (within the mean-

ing of section 32(c)(3)) for such taxable year."

(5) Subparagraph (B) of section 3507(c)(2) of such Code is amended by striking clauses (i) and (ii) and inserting the following:

"(i) of not more than the credit percentage in effect under section 32(b)(1) for an eligible individual with 1 qualifying child and with earned income not in excess of the earned income amount in effect under section 32(b)(2) for such an eligible individual, which

"(ii) phases out at the phaseout percentage in effect under section 32(b)(1) for such an eligible individual between the phaseout amount in effect under section 32(b)(2) for such an eligible individual and the amount of earned income at which the credit under section 32(a) phases out for such an eligible individual, or"

(e) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 1993.

CONGRESSIONAL RESEARCH SERVICE,

Washington, DC, May 20, 1993.

## MEMORANDUM

To: Honorable Charles S. Robb, Attention: Rick Kahlenberg.

From: Salvatore Lazzari, Specialist in Public Finance, Economics Division.

Subject: Comparison of the Administration's Btu tax and a gasoline tax.

This memorandum is provided in response to your letter proposing a gasoline tax in place of the Administration's proposed Btu tax. The first section of the memorandum compares the economic effects of raising the gasoline tax to the Administration's proposed Btu tax. These economic effects focus on fiscal, energy, and environmental policy issues. The discussion demonstrates that raising the gasoline tax would have fewer adverse economic effects than the Administration's proposed Btu tax. The second section outlines how large a phased-in gasoline tax increase would be required to attain certain public policy objectives. The third section provides a brief discussion of the phase in of a gasoline tax in relationship to the business cycle.

The analysis assumes that the revenue from these taxes will be used for deficit reduction. It is also assumed that a gasoline tax increase would also apply to diesel fuel and other motor fuels in order to maintain the current relationship among existing motor fuels excise taxes.

## COMPARISON OF A GASOLINE TAX WITH THE BTU TAX

The Clinton Administration has proposed a Btu tax, primarily as a fiscal tool. The proposed tax is estimated to generate \$22 billion in additional revenue each year when fully phased-in, about 27 percent of all revenues from the Administration's budget proposals. The Administration also views the Btu tax as an instrument of its energy and environmental policy—encouraging conservation, reducing reliance on imported oil, and improving the environment. The Administration's original Btu tax proposal was revised on April 1, and recently by the House Ways and Means Committee, but the basic proposal remains intact.

A strong economic case can be made, based on the principle of economic efficiency, for some type of broadly-based energy tax. The production, consumption, and importation of fossil fuels allegedly generates substantial external costs to the economy, costs allegedly not fully covered in the price of such fuels. In spite of numerous regulations and excise taxes on energy (such as the gasoline



excise tax whose purpose is to fund the highway system rather than compensate for externalities), most of these external costs remain uncompensated. In the absence of compensation, there is little incentive for adjusting energy production and consumption decisions to reflect the true costs of energy to society.

In mainstream theory, the correction of energy and environmental externalities implies a broad-based energy tax that would apply to fossil fuels with differential rates positively related to the amount of external cost generated by each fuel. For example, environmental externalities would imply that tax rates be highest on coal, then oil, then gas, and that nonpolluting renewable energy resources such as hydro power be exempt (assuming that the loss of farmland, etc., doesn't count as new environmental externalities). The Administration's proposed Btu tax is generally consistent in concept with this principle, but contains numerous features that are inconsistent. For example, coal and gas would be taxed equally and less than oil. Hydro power would be taxed at the same rate as coal and gas.

The same line of theory suggests that a gasoline tax be imposed in order to correct for the external costs associated with the use of transportation fuels. Current Federal tax law does provide for a 14.1 cents tax on gasoline, a 20.1 cent tax on diesel and a variety of other excise taxes on different types of motor fuels. However, these taxes do not fully correct for externalities for two reasons. First, they are mostly structured as user fees that fund the highway trust fund and various other trust funds, not as compensation for externalities. Second, even if the revenue generated by the taxes were used for compensation, the revenue would be inadequate because the rates were set too low in relation to the alleged magnitude of the externalities generated.

Both a gasoline tax and a broad-based tax on fossil fuels are economically justified in part on the basis of the need to correct for environmental externalities. However, gasoline consumption is a result of activities that generate a different mix of externalities than the production/consumption of fossil fuels generally, and thus separate taxes are implied. In the event that a choice must be made between an increase in the gasoline tax and the Administration's proposed Btu tax, it can be argued that the gasoline tax is a better instrument of fiscal, energy, and environmental policy. Both taxes would generate revenue for deficit reduction and to reduce pollution, but the gasoline tax would accomplish these goals at lower administrative and economic costs. In addition, the gasoline tax would reduce dependence on imported petroleum, which some consider a worthy goal, whereas the Administration's proposed Btu tax might increase dependence on imported petroleum, as is discussed below.

The following discussion compares these two options on the basis of other criteria that are important factors in the choice about the desirable option for energy taxation.

#### Macroeconomic effects

Both options would have adverse effects on the economy. Some theory suggests that the gasoline tax might be preferable because a greater share of the tax burden is borne by consumers rather than producers. Existing empirical analyses suggest, however, that any differences between the two proposals' effects on the aggregate economy, assuming taxes of the same revenue effect, are of sufficiently minor magnitude that this criterion

should not be an important factor in the choice between them.

#### Ease of administration

This criterion favors the gasoline tax. The reason is straightforward—the administrative system for a gasoline tax has been in place for 60 years. Raising the tax would impose no additional administrative burden. A Btu tax would require an entirely new and untested administrative apparatus. Given the complexity of the proposed Btu tax due to extensive exemptions for particular industries and uses, it might prove to be a particularly complicated tax to administer.

#### Disparate impact by regions

Reaching definitive conclusions on this issue is difficult and would require further study. There is evidence to suggest, however, that the Btu tax might be regionally more distortionary than the gasoline tax. A 1982 Joint Tax Committee study found a flat rate Btu tax on all fuels to be more distortionary than either the gasoline tax, or other energy tax options. A recent study of the Administration's proposed Btu tax found the tax burden per family to vary widely across regions of the United States.<sup>1</sup> CRS studies on the regional effects of energy taxes have found the interstate distribution of per-capita tax burdens to be less variable or dispersed for the gasoline tax than for other energy tax options.<sup>2</sup>

#### Regressivity

Both taxes are regressive. The Btu tax is probably more regressive than the gasoline tax because data suggest that the ratio of total energy expenditures to income declines more rapidly as income rises than the ratio of gasoline expenditures to income. On the other hand, other parts of the President's program address this effect.

#### Economic efficiency

This was discussed in considerable detail in the first part of the memorandum. While in theory efficiency would be promoted by imposition of both a broad-based energy tax and a higher gasoline tax, a case could be made that increasing the gasoline tax is likely to be a more efficient instrument to compensate for externalities.

#### Environmental concerns

This is a difficult issue. Making a choice requires knowledge about the extent to which the various energy sources generate pollution, knowledge that currently is lacking. One can say, however, that the gasoline tax is levied on fuel that is known to be a major source of substantial air pollution. In contrast, the Btu tax would tax some fuels (such as hydropower) that are environmentally benign regarding air pollution, which is the major source of the uncompensated externalities. In effect, the revenue from these benign sources would generate no environmental benefits.

#### Reducing oil imports

This criterion favors the gasoline tax. First, the share of the tax base that is imported would be greater with a gasoline tax. Second, the Btu tax creates a perverse incentive to import petroleum products due to the

fact that it taxes fuels used as inputs in the domestic production of petroleum products, whereas it does not tax fuels used in foreign production of petroleum products. This has the effect of raising the cost of domestically-produced petroleum products relative to imported petroleum products. Raising the gasoline and diesel fuel taxes would not create this type of distortion. Relatively small quantities of gasoline and diesel fuel are used by businesses in the production of domestic commodities. Most of these fuels are used in the delivery of commodities and they account for a relatively small fraction of total fuels used in transportation. The burden of higher gasoline and diesel fuel taxes for fuels used in business transportation would apply to both domestically produced and imported commodities.

#### International competitiveness

The Btu tax would raise the costs of domestic producers relative to foreign producers. The gasoline tax would be borne primarily by consumers of gasoline and diesel. Whereas, producers might not be able to completely pass the Btu tax on to consumers. It appears that the Btu tax is more likely to have adverse effects on the ability of domestic producers to compete with foreign competitors.

#### DETERMINING THE SIZE OF THE GASOLINE TAX

If raising the gasoline tax is to be considered in lieu of the Administration's proposed Btu tax, the logical question is to ask how large the tax increase ought to be. Several economic criteria can be invoked to determine, within certain bounds, the size of a gasoline tax increase.

#### Rate necessary to correct for external costs

The above discussion suggests that economic efficiency ought to be an important determinant of the size of the tax increase. The size of the efficient or "optimal" gasoline tax rate would be that which would correct for distortions in the gasoline market caused by the external costs of driving and gasoline use. The problem with this criterion is that it requires estimates of society's cost from environmental pollution, from congestion, and from dependence on foreign oil. These costs are extremely difficult to estimate and the resulting estimates are controversial.

One study has estimated these external costs to be approximately \$2.00 per gallon.<sup>3</sup> This estimate is probably high because it counts as external costs some costs that might more properly be considered to be market-determined adjustment costs. Based upon data presented in a recent CRS report, a more plausible range might be 25¢ to 75¢ per gallon.<sup>4</sup> This would be the amount of increase above the current rate of 14.1¢ per gallon, which is primarily devoted to highways.

#### Rate necessary to stimulate the development of alternative fuels

A second economic criterion that may be used in determining the size of a potential increase in the gasoline tax is that rate necessary to raise gasoline prices high enough to stimulate the development and commercialization of alternative fuels. This criterion recognizes the economic reality that petroleum is the benchmark energy resource

<sup>1</sup>U.S. Congress, Joint Tax Committee. *Taxes on Energy Consumption*, June 8, 1982; and Philip K. Verleger, Jr. *Prepared Statement before the Committee on Energy and Natural Resources, U.S. Senate*, February 24, 1993.

<sup>2</sup>U.S. Library of Congress, Congressional Research Service. *Energy Taxes: A Comparative Analysis of An Oil Import Tax and A Gasoline Excise Tax and Their Effects on the States*. CRS Report, No. 86-637 E, by Salvatore Lazzari, July 25, 1986. Washington.

<sup>3</sup>James J. MacKenzie, Roger C. Dower, and Donald D. T. Chen. *The Going Rate: What It Really Costs to Drive*. World Resources Institute, June 1992.

<sup>4</sup>U.S. Library of Congress, Congressional Research Service. *The External Costs of Oil Used in Transportation*. CRS Report 92-572 ENR, by the Environmental and Natural Resources Policy Division, June 17, 1992. Washington.

and that gasoline is the benchmark motor fuel. Raising the price of petroleum would create the incentive to shift to alternative sources of energy—natural gas, coal, renewables, etc., all other things equal. Similarly, raising the price of gasoline, either by raising the price of oil or by increasing the gasoline tax, would create economic incentives to substitute competing motor fuels—alcohol fuels (ethanol and methanol), propane, liquefied natural gas, synthetic natural gas, electricity, etc.

Substantial development of alternative fuels occurred over the last twenty years. While this increase was driven by many factors including a variety of Federal and sub-national government tax incentives, it was attributable primarily to rapidly accelerating real petroleum prices from 1973 to the early 1980s (oil prices increased from about \$3.00 per barrel to over \$32 per barrel). Today, oil prices are \$20 per barrel, a decline of one-third from their peak without the effects of inflation. In real terms, oil prices are at historically low levels (the general price level has risen by about 80 percent since the early 1980s). In 1981 dollars, the current price of oil is about \$10 per barrel; in 1973 dollars the price is about \$7 per barrel. Commensurate with that relative price decline, alternative fuels development has slowed down in recent years. What little growth in such development that has occurred has been driven primarily by regulatory and tax policies.

If one wished to recreate the high real oil prices of the early 1980s to again stimulate the production of alternative fuels, and given the 80 percent increase in price inflation since then, this would suggest that oil prices would have to rise to \$60 per barrel. Applying the same analysis to the level of gasoline prices, a \$0.91 tax on gasoline would be required to keep the real price of gasoline constant at the 1981 level and generate alternative fuel development.

#### *How big of an increase in the gasoline tax is necessary to yield significant conservation?*

A relatively large tax per gallon would be required in order to significantly reduce the demand for gasoline. This is because the demand for gasoline tends to be price inelastic, especially in the short-run. In addition, given the currently low real price of gasoline (the market price adjusted for inflation) and that consumers are at the inelastic portion of the gasoline demand curve, relatively large price increases would be required to reduce gasoline demand. However, given the relatively low price of gasoline in real terms, even significant gasoline tax increases will keep the price of gasoline relatively low in real terms and compared to many western industrialized countries.<sup>5</sup>

#### *At What Point Does Increasing the Gasoline Tax Cause Serious Negative Macroeconomic Consequences*

As was discussed above, any tax increase would have adverse effects on aggregate eco-

nomic activity. This would also be true of an increase in the gasoline tax. Obviously, the larger the tax increase the greater would the negative effects on Gross Domestic Product (GDP), employment, inflation, and other measures of aggregate economic activity. However, gasoline tax increases ranging from 25¢ to 50¢ per gallon would not likely have serious adverse macroeconomic consequences, especially if the tax would be phased-in gradually over the expansion stage of the business cycle.

A recent CRS study used the Data Resources model of the macroeconomy to stimulate the effects of a 30¢ increase in the gasoline tax, phased-in at 10¢ per year over three years. The results of this study are summarized in table 1, and the full study is attached for your information. As the study shows, after the second phase of the tax increase, GDP is only 0.2 percentage points less than it would otherwise be without the tax. After the third stage of the tax increase GDP is only 0.1 less than without the tax. And most importantly, once the tax is fully phased-in, the economy would return to its baseline growth path, the rate of growth that would prevail without the additional 30¢ tax. Obviously, the negative effects of a 50¢ per gallon tax would be greater than for a 30¢ gallon increase, but these could be dampened by phasing the tax more gradually over a time interval longer than three years.

TABLE 1.—POTENTIAL ECONOMIC EFFECTS OF A 30¢ PER GALLON INCREASE IN GASOLINE TAXES

	Calendar years—				
	1993	1994	1995	1996	1997
Real GDP (percent change):					
Base case	2.6	3.3	2.6	2.9	2.8
Phased-in gas tax	2.5	3.1	2.5	2.9	2.8
All at once	2.3	3.2	2.6	2.9	2.8
GDP deflator (percent change):					
Base case	2.4	2.6	2.6	2.4	2.5
Phased-in gas tax	2.5	2.7	2.7	2.5	2.5
All at once	2.8	2.7	2.6	2.5	2.5
Unemployment rate (percent):					
Base case	7.3	6.6	6.1	5.8	5.5
Phased-in gas tax	7.4	6.7	6.3	6.0	5.7
All at once	7.4	6.8	6.3	6.0	5.7
Federal budget deficit (NIPA basis, billions of dollars):					
Base case	285.6	272.1	255.7	238.9	235.6
Phased-in gas tax	279.1	259.5	236.6	219.5	215.1
All at once	266.3	253.9	237.5	219.4	214.7
Yield on 91-day T-bills (percent):					
Base case	3.4	4.3	4.3	4.6	4.7
Phased-in gas tax	3.3	4.3	4.3	4.6	4.7
All at once	3.2	4.3	4.3	4.6	4.7
Yield on 10-year Treasury bonds (percent):					
Base case	6.8	7.2	7.1	7.1	7.2
Phased-in gas tax	6.7	7.1	6.9	6.9	7.1
All at once	6.6	7.1	6.9	6.9	7.1
Current account deficit (billions of dollars):					
Base case	86.6	98.1	111.3	112.4	115.1
Phased-in gas tax	84.3	92.4	101.3	100.3	102.3
All at once	80.2	88.0	99.3	99.3	101.8

Source: CRS simulations of the DRI econometric model.

#### THE TIMING OF A GASOLINE TAX INCREASE

On the issue of timing, there is no question that a phase-in of the gasoline tax, as recommended by your proposal, would be preferable to a one-time increase. Phasing the tax in would result in a smaller shock to the economic system than would a sudden increase. The adverse macroeconomic effects are smaller initially under a phased-in increase than under a complete one-time tax increase. This is also supported by simulation results in table 1.

The important issue here is the relationship between the phase-in of the tax and the stage of the business cycle. Given the current state of the economy, it would be less recessive to begin at lower rates which would increase gradually in response to the economy's improved performance.

Mr. BOREN. Madam President, I will take a moment, because I see my colleague seeking recognition.

I compliment the Senator from Virginia on the statement he just made. While I cannot perhaps agree with the amount of gasoline taxes that he is proposing here in his remarks, I certainly think he makes a very good point, and we should consider the gasoline tax at least as a possible partial alternative to the pending Btu tax for several reasons.

We do not need another huge bureaucracy to correct it. We know how to collect the gasoline tax. The Btu tax will take a huge bureaucracy. It is going to be very different to figure, difficult to calculate, and difficult to collect.

The other thing about the Btu tax that makes the gasoline tax preferable is that the Btu tax is not exportable, because it is figured in thermal units instead of dollars and cents. You cannot have invoices you can demonstrate to GATT, for example, the amount of money that has been charged like you can the excise tax. You cannot get a rebate on this when you sell the products in the world marketplace.

We know, for example, if you are at the State level and you are selling something out-of-State, you do not have to charge a sales tax. That makes you more competitive. The same thing is true when we sell our products in the world marketplace. When you sell an American product if you cannot deduct the additional tax, as you cannot the Btu tax, that is going to raise the cost of every product you sell in the world marketplace. It is nearly everything we use and everything we sell in this country. It is going to damage our ability to compete. Several reputable studies indicate we are going to lose 400,000 jobs in this country if we raise revenues from the Btu tax instead of some other alternative method.

One final thing. The Btu tax now crafted is automatically indexed. That is the real dirty little secret about the current Btu tax. It goes up automatically each year without the Congress having to vote on it. That is telling you something. It is inflationary. What happens is, of course, when you put the tax on energy, everyone's energy bill is going to go up. For senior citizens that is \$400 a year more on their utility bills, that is going to go up.

Now, because energy prices go up—you have an automatic index—the tax will go up again next year and that will cause energy prices to go up more, and taxes to go up again. So it feeds on itself, it is inflationary, and makes us even less competitive in the marketplace as we go along and put even more burdens on middle- and low-income people.

Some people have questioned me. They said, "You are from an energy-producing State. You are from Okla-

<sup>5</sup>Even with the increases in gasoline tax rates, gasoline prices in the U.S. are at their lowest levels since World War II. Moreover, the excise tax rates on gasoline and diesel in the United States are the lowest among Western European countries, Japan, and Canada. In the United States, the combination of all Federal and State taxes (including general sales taxes) on gasoline average about 37 cents per gallon, or 32 percent of the average price of all types of gasoline, based on data compiled by the International Energy Agency. In Western European countries, taxes (including value added taxes, customs duties, and retail excise taxes) averaged about \$2.60 per gallon in the same period, about two-thirds of the average price of gasoline. Italy has the highest tax rate—about \$3.60 per gallon; Canada has the lowest tax rate nearly \$.80 per gallon.



homa. How do you feel about the Btu tax?"

In fact, I should not feel differently about it than anyone else in the country, because that tax is not going to be collected from the producer, it is not going to be collected from the pipeline, it is not going to be collected from the utility.

If you read the bill, it is going to be collected from the consumer. And there are consumers in Illinois, in Virginia, in New York, in Indiana, just the same as there are in Oklahoma. And all of our products are going to be disadvantaged in the world marketplace, wherever they are produced.

So I think that, at least, as a part of the solution to the problem we now face as we try to recraft the package that comes over from the House, as we try to make it a fairer package, less regressive, fall less harshly on those that cannot afford to pay and do it in a way that will not involve a new bureaucracy and do it hopefully with fewer taxes and more spending cuts, that it is exceedingly important, I think, to have this proposal from the Senator from Virginia on the table and have a fair discussion again in principle about looking at alternative forms of energy taxation to the current Btu tax that is now out there.

I think this is a very constructive thing and I commend the Senator from Virginia.

As I said, while I may not be able to agree with him that we ought to do it 10 cents a year, the Btu tax already has 8 to 10 cents of taxes in it in terms of the Btu equivalent.

I think this is a very positive proposal and I commend him on the very thoughtful remarks he has made.

Mr. ROBB. Madam President, I thank my distinguished colleague from Oklahoma. I appreciate his kind remarks.

I would reiterate, it does take courage to be a Senator from an energy-producing State, particularly a petroleum-producing State like Oklahoma, to be statesmanlike enough at least to consider and to debate the pros and cons of the various approaches to include those which might be considered to adversely affect your own State.

I appreciate his kind words. I want to be a constructive participant in the debate and try to resolve the challenge that is facing this country. I think a serious consideration of the merits that the CRS study has cited with respect to the gasoline tax are an appropriate part of that debate.

So I thank my colleague from Oklahoma.

By Mr. DURENBERGER:

S. 1069. A bill to require any person who is convicted to a State criminal offense against a victim who is a minor to register a current address with law enforcement officials of the State for 10 years after release from prison, parole, or supervision.

#### JACOB WETTERLING CRIMES AGAINST CHILDREN REGISTRATION ACT

Mr. DURENBERGER. Mr. President, May 25 was National Missing Children's Day. Many Americans observe this entire week as Child Safety Week.

Most of us can hardly begin to imagine the pain of having a child taken from us. But this is a time for us to stand with the parents and loved ones of missing children, and say that we are hoping and praying for their safe return.

This is also a time for us to put some actions behind our words. It is a time to act to protect children. That is why I have chosen this week to reintroduce the Jacob Wetterling Crimes Against Children Registration Act.

This bill would require people who are convicted of a sexual offense against a child to register a current address with State law enforcement officials, for 10 years after their release from prison.

The bill is named after Jacob Wetterling—a boy I have never met, but hope to meet someday.

Jacob became a missing child on October 22, 1989, when he was only 11 years old. While he was returning home from a convenience store with his brother and a friend, Jacob was abducted at gunpoint by a masked man. No one has heard from Jacob or his abductor since that day.

This tragedy literally hit home to me, because it took place in my home community of St. Joseph, MN. Communities across Minnesota and across the country were shocked and heartbroken by what happened to Jacob. St. Joseph is a small, safe community, and Jacob could have been anyone's child. Jacob's parents, Jerry and Patty Wetterling, have kept the hope of Jacob's safe return alive, and we all share that hope with them.

Law enforcement officials responded quickly to Jacob's abduction. But if local and State police had been aware of the presence of any convicted sex offenders in the community, that information would have been invaluable during those first critical hours of investigation. The Jacob Wetterling bill will provide law enforcement with this tool.

Congress needs to enact this legislation, not only to protect children from abductions, but to protect every child that may be a victim of sexual abuse or molestation.

I became aware of the need for Federal legislation because of the work of Patty Wetterling and her colleagues on the Minnesota Governor's Task Force on Missing Children. Because of their efforts, my home State enacted a law establishing the registration requirement. Twenty-one other States require registration, and even more States are considering similar legislation.

Unfortunately, it is too easy for offenders to avoid these State laws, by

moving to a State that does not have a registration requirement or by slipping through the cracks of a State system. We need a coordinated National and State system—one that will provide interstate access to information that will help local law enforcement prevent and respond to horrible crimes against children.

The danger facing American children is horrifying. Sexual crimes against children are more pervasive than we would like to believe. And there is evidence that the people who commit these offenses repeat their crimes again and again.

ChildHelp USA estimates that 1 in 3 girls and 1 in 6 boys will be sexually abused or victimized before age 18. More than half—54 percent—of sexually abused children are victimized before age 7, and 84 percent are younger than 12 years old.

Two-thirds of reported nonfamily child abductions involve sexual assault. Of the 2.4 million reported cases of child abuse in 1989, 380,000 involved sexual abuse. These statistics seem high, but child molestation is actually one of the most underreported crimes—only 1 to 10 percent of these crimes are ever disclosed.

The tragedy of sexual abuse and molestation of children is compounded by the fact that child sex offenders tend to be serial offenders. A National Institute of Mental Health study found that the typical offender molests an average of 117 children. Offenders who attack young boys molest an average of 281. A study of imprisoned offenders found that 74 percent had one or more prior convictions for a sex offense against a child.

There is evidence that the behavior of child sex offenders is repetitive to the point of compulsion. In fact, one State prison psychologist has observed that sex offenders against children have the same personality characteristics as serial killers.

Sex offenders against children are not only repeat offenders, but they also tend to be dangerous and violent. The Justice Department has reported that over 85 percent of nonfamily abductions involved force and over 75 percent involved a weapon. Of the homicides that occur from stranger abductions, almost 40 percent involved rape or another sexual offense, and those are only the cases in which the circumstances were known.

Until we can develop comprehensive sex offender treatment programs with proven results, we must act to protect American children from victimization.

Under the Jacob Wetterling bill, the type of crimes that would trigger the registration requirement include the kidnapping or false imprisonment of a minor, criminal sexual conduct toward a minor, solicitation of minors to engage in sexual conduct, the use of minors in a sexual performance, or the so-

licitation of minors to practice prostitution.

Under the Jacob Wetterling bill, a registration requirement would be triggered by the conviction of a sexual crime against a child. After the offender is released from prison, paroled, or placed on supervised release, the offender will be informed of the duty to register a current address with law enforcement for the next 10 years.

Each time the offender moves, the new address must be reported within 10 days. This information will be entered into State law enforcement and National Crime Information Center computer networks, to be used only for law enforcement purposes.

To ensure that offenders are complying with the registration requirement, a nonforwardable verification form will be sent to the offender's last registered address each year. Failing to return the form within 10 days would violate the law unless the offender could offer a valid reason for failing to respond.

The Jacob Wetterling bill came very close to becoming law last year. It was included in both the Democratic and Republican crime bills, which were held hostage by other issues toward the end of the 102d Congress. Because of support that has been expressed on both sides of the aisle and in both houses of Congress, I am confident that the Jacob Wetterling bill will become law during this session of Congress.

Mr. President, during the difficult time since Jacob's abduction, Jerry and Patty Wetterling have channeled their grief into efforts to protect American children and bring hope into people's lives. The Jacob Wetterling bill is an extension of Jacob's hope—the hope that somebody every American child can grow up safe and loved; and protected from those who would rob them of their happiness.

Mr. President, this week should remind us that our Nation's most precious resource is also our most vulnerable one. I hope that this body will act quickly to enact the Jacob Wetterling bill and stop the victimization of American children.

Madam President, I ask unanimous consent that the text of the bill, S. 1069, be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1069

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Jacob Wetterling Crimes Against Children Registration Act".

#### SEC. 2. ESTABLISHMENT OF PROGRAM.

##### (a) IN GENERAL.—

(1) STATE GUIDELINES.—The Attorney General shall establish guidelines for State programs requiring any person who is convicted of a criminal offense against a victim who is a minor to register a current address with a

designated State law enforcement agency for 10 years after release from prison, being placed on parole, or being placed on supervised release.

(2) DEFINITION.—For purposes of this subsection, the term "criminal offense against a victim who is a minor" includes—

(A) kidnapping of a minor, except by a noncustodial parent;

(B) false imprisonment of a minor, except by a noncustodial parent;

(C) criminal sexual conduct toward a minor;

(D) solicitation of minors to engage in sexual conduct;

(E) use of minors in a sexual performance; or

(F) solicitation of minors to practice prostitution.

(b) REGISTRATION REQUIREMENT UPON RELEASE, PAROLE, OR SUPERVISED RELEASE.—An approved State registration program established by this section shall contain the following requirements:

(1) NOTIFICATION.—If a person who is required to register under this section is released from prison, paroled, or placed on supervised release, a State prison officer shall—

(A) inform the person of the duty to register;

(B) inform the person that if the person changes residence address, the person shall give the new address to a designated State law enforcement agency in writing within 10 days;

(C) obtain a fingerprint card and photograph of the person if these have not already been obtained in connection with the offense that triggers registration; and

(D) require the person to read and sign a form stating that the duty of the person to register under this section has been explained.

(2) TRANSFER OF INFORMATION TO STATE AND THE NCIC.—The officer shall, within 3 days after receipt of information under paragraph (1), forward it to a designated State law enforcement agency. The State law enforcement agency shall immediately enter the information into the State law enforcement system and National Crime Information Center computer networks and notify the appropriate law enforcement agency having jurisdiction where the person expects to reside.

(3) ANNUAL VERIFICATION.—On each anniversary of a person's initial registration date during the period in which the person is required to register under this section, the designated State law enforcement agency shall mail a nonforwardable verification form to the last reported address of the person. The person shall mail the verification form to the officer within 10 days after receipt of the form. The verification form shall be signed by the person, and state that the person still resides at the address last reported to the designated State law enforcement agency. If the person fails to mail the verification form to the designated State law enforcement agency within 10 days after receipt of the form, the person shall be in violation of this section unless the person proves that the person has not changed his or her residence address.

(4) NOTIFICATION OF LOCAL LAW ENFORCEMENT AGENCIES OF CHANGES IN ADDRESS.—Any change of address by a person required to register under this section reported to the designated State law enforcement agency shall immediately be reported to the appropriate law enforcement agency having jurisdiction where the person is residing.

(c) REGISTRATION FOR 10 YEARS.—A person required to register under this section shall

continue to comply with this section until 10 years have elapsed since the person was released from imprisonment, parole, or supervised release.

(d) PENALTY.—A person required to register under this section who violates any requirement of a State program established by this section shall be subject to criminal penalties in such State. It is the sense of Congress that such penalties should include at least 6 months imprisonment.

(e) PRIVATE DATA.—The information provided under this section is private data on individuals and may be used for law enforcement purposes, including confidential background checks by child care services providers.

#### SEC. 3. STATE COMPLIANCE.

(a) COMPLIANCE DATE.—Each State shall have 3 years from the date of the enactment of this Act in which to implement the provisions of this Act.

(b) INELIGIBILITY FOR FUNDS.—The allocation of funds under section 506 of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3756) received by a State not complying with the provisions of this section 3 years after the date of enactment of this Act shall be reduced by 25 percent and the unallocated funds shall be re-allocated to the States in compliance with this section.

By Mr. LEVIN (for himself and Mr. STEVENS):

S. 1070. A bill to provide that certain politically appointed Federal officers may not receive cash awards for a certain period during a Presidential election year, to prohibit cash awards to Executive Schedule officers, and for other purposes; to the Committee on Governmental Affairs.

#### BANNING BONUSES FOR POLITICAL APPOINTEES

• Mr. LEVIN. Mr. President, today I am introducing legislation to ban bonuses to political appointees in the executive branch for the 6-month period at the end of an administration and to ban bonuses completely for the very top level officials—Executive Schedule I-V. I am pleased that my colleague, Senator STEVENS, has asked to be added as a cosponsor of this legislation.

The need for this legislation was amply demonstrated by spate of midnight bonuses awarded to such officials at the close of the Bush administration. While in 1991, 50 bonuses were awarded to this class of Federal employees; in 1992, at the end of the Bush administration, that figure rose to 133. While this increase does not conclusively prove that the bonus system was abused, it certainly raises questions about the purpose of these bonuses—especially given the number of top-level political officials who received them—and creates an appearance of political favoritism.

President Clinton directed the Office of Personnel Management [OPM] to conduct a review of these bonuses and report back to him. The review looked at monetary awards during the Presidential transition period which was defined as October 1992 through January 1993. OPM's initial report was released



in late March. The findings of the report are quite compelling. The report states:

In brief, we found that there was a significant increase in the number of awards granted to political appointees during the transition period, creating at least the appearance that they were granted for reasons other than recognition of benefit to the Government. While technical procedures were followed, we believe the spirit and purpose of the awards program was evaded, and that additional safeguards are needed.

OPM has indicated that they are going to follow up on this initial review with a more comprehensive study of the bonus system in the Federal Government. It is my understanding that OPM does not yet have a time frame for the completion of this comprehensive study, but I urge that they move quickly to answer the questions regarding the integrity of the Federal bonus system. Mr. President, I ask that the executive summary of the OPM report from which I quoted and a chart which lists the bonuses awarded by agency be included in the RECORD immediately following my remarks.

The legislation I am introducing today is an important first step in an effort to reassess and revise the Federal Government's bonus system to ensure that bonuses are not merely rewards for political loyalty but for effective governing and a true commitment to public service. As it now stands, the waters have been muddied by the bonuses awarded during the final months of the Bush administration, and the integrity of the bonus system has been weakened.

The bonuses my bill addresses are known as superior accomplishment awards. These are designed to award one-time efforts that result in tangible or intangible benefits to the Government. They can be awarded at any time, to anyone in the executive branch including political appointees, and, unlike Presidential Rank Awards or performance awards—two other types of bonuses for executive branch employees—they do not have strict guidelines as to eligibility, amount or justification. Therefore, they are the most subject to abuse.

The legislation would place a 6-month ban on these superior accomplishment awards from June 1 prior to a Presidential election to the following January 20. This would put an end to awarding bonuses at a time that creates the appearance that they are rewards for political loyalties at the end of an administration rather than performance.

The complete ban on such awards for the very top-level officials in the executive branch codifies current OPM policy regarding the award of cash bonuses to those who are in positions which require Senate confirmation. Individuals in the Executive Schedule are making salaries which range from \$108,200 to \$148,400 and serve in very

high-profile positions. Cash bonuses are inappropriate at this level. As OPM says in its guidance on this matter:

Honorary recognition is considered appropriate in light of the honor, salaries, and perquisites associated with such positions, and advisable because of the potential for adverse publicity that could result if such officials were to receive significant cash awards.

OPM indicates that at the close of the previous administration, this policy guidance was ignored in several instances. My legislation would enforce this guidance as law.

At a time when there is a heightened sensitivity to the need to restore faith in the integrity of our Federal Government, it makes sense to make appropriate changes in our bonus system to eliminate any opportunity for abuse. Bonuses can be an effective management tool, but they become counterproductive if there is no connection to real accomplishments or if the bonus is perceived to be given for political reward.

An issue my bill does not address, but which I also believe needs review and revision is the award of bonuses to inspector generals [IG's]. This was an additional issue that was raised by the OPM report. OPM found that nine IG's received bonuses during the final days of the previous administration. These bonuses were granted by the heads of the agencies the IG's are responsible for overseeing. IG's play one of the most significant roles in our efforts to increase the effectiveness, efficiency and the integrity of the Government. Bonuses to IG's are highly questionable when they are authorized by the very person over whom the IG holds oversight responsibility. The independence and integrity of IG's must be without question, and that is why I had originally planned to include a provision in this legislation to place a complete ban on bonuses to IG's.

However, this is an issue which greatly concerns Senator GLENN as the chairman of the Governmental Affairs Committee, and I recently learned that his staff is working closely with an informal task force of the President's Council on Integrity and Efficiency [PCIE] headed by the Director of the Office of Government Ethics, Stephen Potts, which is focusing specifically on the issue of bonuses to IG's. This task force will look at all the bonuses currently available to IG's and what the stipulations are as to their award and disbursement. They have been directed to make specific recommendations as to the appropriateness of awards to IG's and to devise alternative options for authorization of bonuses to IG's. I have, therefore, decided to not address bonuses for IG's in this bill and will await the recommendation of the PCIE task force.

Once again, I think a review of the entire bonus system is a good idea, and I am pleased that OPM will be under-

taking this effort. This legislation seeks to strike at the heart of two problems which were identified by the OPM report. I ask unanimous consent that the bill and an executive summary be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1070

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. PROHIBITION ON CASH AWARDS TO CERTAIN FEDERAL OFFICERS.

(a) IN GENERAL.—Chapter 45 of title 5, United States Code, is amended by inserting after section 4507 the following new sections:

##### "§ 4508. Limitation of awards during a Presidential election year

"(a) For purposes of this section, the term—

"(1) 'Presidential election period' means any period beginning on June 1 in a calendar year in which the popular election of the President occurs, and ending on January 20 following the date of such election; and

"(2) 'senior politically appointed officer' means any officer who during a Presidential election period serves—

"(A) in a Senior Executive Service position and is not a career appointee as defined under section 3132(a)(4); or

"(B) in a position of a confidential or policy-determining character under schedule C of subpart C of part 213 of title 5 of the Code of Federal Regulations.

"(b) No senior politically appointed officer may receive an award under the provisions of this subchapter during a Presidential election period.

##### "§ 4509. Prohibition of cash award to Executive Schedule officers

"No officer may receive a cash award under the provisions of this subchapter, if such officer serves in an Executive Schedule position under subchapter II of chapter 53."

(b) TECHNICAL AND CONFORMING AMENDMENT.—The table of sections for chapter 45 of title 5, United States Code, is amended by inserting after the item relating to section 4507 the following:

"4508. Limitation of awards during a Presidential election year.

"4509. Prohibition of cash award to Executive Schedule officers."

#### EXECUTIVE SUMMARY

In response to the President's direction, the Office of Personnel Management (OPM) conducted a review of monetary awards granted during the Presidential transition period.

The President expressed concern that the granting of large monetary awards as the former Administration departed raised disturbing questions about their timing and amounts. The review focused on awards granted for superior accomplishment (also called special acts) granted at the headquarters of major departments and agencies.

#### PURPOSE OF THE REVIEW

OPM's review focused on two questions: whether the awards were granted consistent with established criteria and procedures and whether new or revised safeguards are necessary.

#### FINDINGS OF THE REVIEW

There was a substantial increase in the number of awards given to political appointees during the transition period as com-

pared to the same months the year before (from 49 to 133). The number and dollar value of awards granted by each agency reviewed during the relevant periods are presented in attachment 5 to the report.

Current safeguards clearly were not adequate to prevent misuse of flexibilities in the awards program. The political leadership at several agencies used these flexibilities to grant awards to political appointees that create the appearance they were given as "political favors" rather than for their intended purpose.

Six of the 23 agencies reviewed accounted for two-thirds of awards to political appointees. These were Energy, Education, Agriculture, Justice, Small Business Administration, and Labor.

Technical procedures were followed, but the evidence indicates that the purpose of the award program was evaded. For example, the justification on a large number of awards was questionable. Superior accomplishment awards should not be given for the performance of regular duties, particularly given the level of the employees involved. Also, there is an indication that some of these awards were given as a means to avoid the limitations on other award categories.

The review revealed that awards were given to Inspectors General in five agencies.

While the awards were legal and in line with previous awards in non-transition periods, we believe the practice of giving awards to IG's is problematic because it could call into question the integrity and independence of their work.

"The Department of Justice granted several awards to Presidential appointees. These awards contravene explicit OPM guidance in Chapter 451 of the Federal Personnel Manual."<sup>1</sup>

#### SCOPE OF THE REVIEW

The Government gives thousands of awards to its employees each year. Of all these, two types have the greatest cash value: "superior accomplishment" and "performance" awards. This review focused on the superior accomplishment awards because, although a small percentage of the total, these are the ones most likely to be abused—agencies have broad discretion in making them and they can be given at any time.

The larger group of awards are performance awards. They are based on written standards, given on a scheduled basis, and approved only after a multiple review process. Given the volume of these awards, a manual examination would be a huge and costly undertaking and infeasible within our timeframe. However, when the automated awards data for FY 92 is compiled on a Gov-

ernmentwide basis later this year, we will be able to conduct a parallel examination to see if our concerns with superior accomplishment awards also apply to performance awards.

#### CONCLUSION

Clearly the flexibility granted agencies under the awards program must be exercised responsibly and only for the purpose for which the awards are intended. Our review indicates that this was not the case in all agencies during the recent transition period. Since the awards program is a critical part of the Federal performance management system, used to recognize the outstanding contributions of our many fine employees, maintaining its integrity in both fact and appearance is of great importance.

The report contains a number of options for providing greater safeguards for the awards program in the future. OPM will further develop these options and take steps to monitor the program more closely. In addition, given the importance of the awards program to the Federal service and to the public's perception of it, we believe the issues surfaced in the report would also be appropriate for consideration in the context of the National Performance Review.

#### SUPERIOR ACCOMPLISHMENT AWARDS TO POLITICAL EMPLOYEES IN THE WASHINGTON, DC, MSA

Agency	October 1, 1991–January 31, 1992			October 1, 1992–January 31, 1993		
	Number	Amount	Average	Number	Amount	Average
Agriculture	7	\$15,500	\$2,214	14	\$31,500	\$2,344
Air Force	0	0	0	0	0	0
Army	0	0	0	0	0	0
Commerce	2	200	100	5	8,129	1,626
DoD	0	0	0	2	6,500	3,250
Education	1	946	946	18	27,924	1,551
Energy	1	100	100	23	110,745	4,815
EPA	13	38,495	2,961	7	30,000	4,286
FEMA	1	999	999	2	5,500	2,750
GSA	4	2,146	537	0	0	0
HHS	4	5,475	1,369	3	11,800	3,933
HUD	3	3,200	1,067	7	12,000	1,714
Interior	2	600	300	2	3,000	1,500
Justice*	2	N/A	N/A	12	33,650	2,804
Labor	1	150	150	10	28,000	2,800
NASA	0	0	0	0	0	0
Navy	1	75	75	3	14,000	4,667
OPM	1	500	500	2	2,335	1,168
SBA	1	2,000	2,000	11	35,500	3,227
State	0	0	0	0	0	0
Transportation	6	32,500	5,417	8	19,700	2,189
Treasury	0	0	0	2	1,650	825
Veterans Affairs	0	0	0	2	4,000	2,000
Totals	50	\$102,886	\$2,058	133	\$385,933	\$2,902

\*Agency submission to CPDF incomplete.

By Mr. COCHRAN:

S. 1071. A bill to provide that certain civil defense employees and employees of the Federal Emergency Management Agency may be eligible for certain public safety officers death benefits, and for other purposes; to the Committee on Governmental Affairs.

#### PUBLIC SAFETY OFFICERS BENEFITS ACT

Mr. COCHRAN. Mr. President, I am introducing legislation today to amend the Public Safety Officers Benefits Act to include civil defense employees and employees of the Federal Emergency Management Agency in the coverage of the act.

The Public Safety Officers Benefits Act provides benefits to eligible survivors of a public safety officer whose

death is the direct result of a traumatic injury sustained in the line of duty. The act also provides the same benefit to a public safety officer who has been permanently and totally disabled as the direct result of a catastrophic personal injury sustained in the line of duty.

State and local law enforcement officers and fire fighters, Federal law enforcement officers and fire fighters, and Federal, State, and local rescue squads and ambulance crews are all covered by the Act, but civil defense employees and FEMA employees are not covered.

This legislation will extend coverage for the Act to civil defense employees and employees of FEMA. In the unfor-

tunate event of tragedy, this amendment will ensure that the families of civil defense employees will have access to the same benefits that other public safety officers have.

The new Director of the Federal Emergency Management Agency, James Lee Witt, at his confirmation hearing said that civil defense employees put their lives on the line just about every time they respond to an event. I am hopeful the administration will support the passage of this bill.

By Mr. BRADLEY:

S. 1072. A bill to amend the Social Security Act to provide assistance to States in providing services to support informal caregivers of individuals with

<sup>1</sup>OPM recommends that: "Presidential appointees whose appointments require Senate confirmation receive honorary, rather than monetary awards. Hon-

orary recognition is considered appropriate in light of the honor, salaries, and perquisites associated with such positions, and advisable because of the po-

tential for adverse publicity that could result if such officials were to receive significant cash awards."



functional limitations; to the Committee on Finance.

THE FAMILY CAREGIVER SUPPORT ACT OF 1993

• Mr. BRADLEY. Mr. President, I introduce legislation that will bolster families that face the daily burden of caring for loved ones by providing respite care for caregivers.

There are over 2 million severely impaired adults and thousands of disabled children living in communities throughout this country who need constant care with the most basic functions of life—eating, bathing, dressing. The people who are the frontline providers of this daily care are a moving testament to the strength of families, and provide a glaring example of where Federal policy has behaved shortsightedly and fallen short of the needs of its citizens.

Nursing homes make only a small contribution to long-term care. Four out of five Americans with functional disabilities are cared for not in institutions but by family members at home. It would cost the American people over \$50 billion to provide this daily care in institutions. But these family caregivers don't want their mothers, fathers, daughters, sons, sisters, or brothers in an institution. They want to keep them home and they can keep them in their communities with a little support.

But family caregiving often requires Herculean physical and emotional energy. The loved ones who provide this care have the toughest job I've ever seen: They're on call 24 hours a day, 7 days a week; they face enormous stress; they need special skills and physical strength. They earn nothing—they do it out of love. Caring for loved ones saves thousands of dollars in nursing home costs. But all too often the demands of daily care extract an invisible cost. The demands can become too much, and under the stress of other family and personal demands, the bonds of family love begin to fray.

For a care provider who needs just a little help or time for themselves—maybe a chance to shop for food, go to the bank or even a movie, or take a sick child to the doctor, it seems there's nowhere to turn for help. In the worst case, when the stress is too much to handle, some people simply and sadly abandon their dependent relative.

Last year Americans were shocked to learn that an elderly man with Alzheimer's disease had been abandoned at a racetrack in Idaho. Unable to care for himself, he was left there by a family member. Experts have not documented exactly how often elderly abandonment occurs, but sadly it appears the number of cases is growing.

Mr. President, if we as a Nation are to have any effective long-term care strategy, it will have to build on and support this valuable network of family caregivers. The fears of disability and dependency can be softened by the

love and care of one's family. The primary family caregivers can and should be bolstered and supported in their desire to keep their loved ones at home and/or in the community.

Even a minimal amount of respite—time out from the unremitting tasks of providing for basic human needs—can head off the disintegration of the family unit or the personal health status of the primary caregiver. Since each circumstance is different, the legislation would offer a range of options. One family, for example, could choose adult day care for a few days of assistance a week; another family might choose to receive a half a day a week of home-maker services or assistance from a visiting nurse. The services would only cost about \$7 a day, compared to as much as \$70 a day for nursing home care.

I know first-hand that respite care can provide that needed helping hand to families that face the daily task of caring for loved ones. I've heard many touching stories from my home State, from the New Jersey Respite Care Pilot Program that I initiated in 1988. One 82-year-old woman was given a week of care for her 103-year-old mother so that she could attend her granddaughter's wedding in California. A recently widowed 68-year-old woman was able to attend her son's graduation by obtaining caregiver services for her 87-year-old bedridden mother and her 46-year-old paraplegic son.

This program was enormously successful, and yet it could barely keep up with the demand. New Jersey's success should be the Nation's success. Encouraged by the New Jersey's success stories, I believe we should make respite care available nationally.

The Clinton administration is currently embroiled in developing a plan to reform the Nation's health care system, and I applaud and wholeheartedly support his efforts. But no health care reform plan could be considered complete unless it began to address the long-term care crisis we have in this country. This bill is the first of many steps we should take in our quest of reforming our long-term care system, which must be seen as part of our total health care system.

Mr. President, it's time to get our priorities back in order. Let's help families help their loved ones and reward the values that keep American families together. This legislation establishes a cost-effective alternative to institutionalization. It is intergenerational in scope. And the beneficiary is not only the individual giving the care, but the family member receiving the care as well. If there ever was an example of how a little bit goes a long way, it is here. I strongly urge my colleagues to support this bill.

Mr. President, I ask unanimous consent that the text of the bill and a summary be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1072

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Family Caregiver Support Act of 1993".

#### SEC. 2. FAMILY CAREGIVER SUPPORT PROGRAM ESTABLISHED.

(a) IN GENERAL.—The Social Security Act (42 U.S.C. 301 et seq.) is amended by adding at the end thereof the following new title:

#### "TITLE XXI—GRANTS TO STATES FOR FAMILY CAREGIVER SUPPORT PROGRAMS

##### "PURPOSE OF TITLE; AUTHORIZATION OF APPROPRIATIONS

"SEC. 2101. For the purpose of enabling each State to furnish services to support informal caregivers of individuals with functional limitations by providing services designed to facilitate and strengthen informal support systems to help maintain individuals with functional limitations within the community, there are authorized to be appropriated for each fiscal year such sums as may be necessary to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary, State plans for family caregiver support services.

##### "STATE PLANS FOR FAMILY CAREGIVER SUPPORT SERVICES

"SEC. 2102. A State plan for family caregiver support services must—

"(1) provide that it shall be in effect in all political subdivisions of the State, and if administered by them, be mandatory upon them;

"(2) provide for financial participation by the State equal to not less than 50 percent of the administrative costs of operating the program in the State;

"(3) provide either for the establishment or designation of a single State agency or agencies (such agency may be the same agency established or designated under section 1902 of this Act) to administer or supervise the administration of the plan in coordination with home and community-based services provided under title XIX of this Act;

"(4) describe the steps that will be taken to ensure that all State government agencies responsible for the provision of family caregiver support services funded under this title with other Federal or State agencies or both on behalf of individuals with functional limitations and their caregivers shall be included in the development of the State plan so that all such services are coordinated with all other types of services and benefits such individuals and their caregivers may be receiving (or are eligible to receive);

"(5) describe the steps to be taken to ensure equitable access to family caregiver support services funded under this title for individuals of all ages with functional limitations and their caregivers, including individuals who have cognitive, mental, developmental, physical, sensory, or other impairments that meet the criteria of section 2104(b)(1);

"(6) describe the manner in which family caregiver support services funded under this title will be organized, delivered, and coordinated, statewide and within the various localities of the State, in order to achieve the objectives specified in subparagraphs (4) and (5) of this subsection;

"(7) specify the procedures used in notifying and obtaining input on the contents of the State plan from non-governmental organizations and individuals with an interest in the welfare of individuals with functional limitations;

"(8) provide that the State agency or agencies—

"(A) make a determination of the need for family caregiver support services for the individual with functional limitations;

"(B) establish quality assurance for the delivery of family caregiver support services, including evaluation of individual and family satisfaction with the services provided;

"(C) establish a family caregiver support plan for each individual with functional limitations for services under this title, and provide for periodic review and revision as necessary; and

"(D) establish reimbursement levels for family caregiver support services;

"(9) provide that family caregiver support services funded under this title to an individual with functional limitations shall not supplant services otherwise provided to such individual for which such individual is eligible under titles XVIII or XIX of this Act or under any other public or private program;

"(10) provide—

"(A) that no copayment shall be required for individuals with functional limitations with incomes below 200 percent of the income official poverty line (as determined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981); and

"(B) that a copayment shall be required on a sliding scale basis (as determined by the State) for individuals with functional limitations with incomes in excess of 200 percent of such income line; and

"(11) provide for making family caregiver support services available, including at least the care and services described in paragraphs (1) through (4) of section 2104(a) to all individuals with functional limitations.

#### "PAYMENT TO STATES

"SEC. 2103. (a)(1) The Secretary (except as otherwise provided in this section) shall pay to each State which has a plan approved under this title, for each quarter, beginning with the quarter commencing January 1, 1994—

"(A) an amount equal to 100 percent of the total amount expended during such quarter as family caregiver support services under the State plan subject to the applicable Federal payment limitation described in paragraph (2); and

"(B) an amount equal to 50 percent of so much of the sums expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan (including costs of needs determination and care planning).

"(2)(A) The applicable Federal payment limitation described in this paragraph is \$2,400 per calendar year per individual with functional limitations, reduced by the offset, if any, described in subparagraph (B).

"(B) The total Federal payment to any State for each individual with functional limitations for a calendar year shall be reduced by the amount of any copayment paid by such an individual for family caregiver support services funded under this title in accordance with paragraph (10) of section 2102.

"(b) No payment shall be made under this title with respect to any amount expended for family caregiver support services in a calendar quarter for any individual with

functional limitations with an income in excess of \$75,000 per year.

#### "DEFINITIONS

"SEC. 2104. (a) For purposes of this title, the term 'family caregiver support services' means care and services in the home, or in the community, provided on a temporary, short term, intermittent, or emergency basis to support a caregiver in caring for an individual with functional limitations, including—

"(1) companion services;

"(2) homemaker services;

"(3) personal assistance;

"(4) day services in the community;

"(5) temporary care in accredited or licensed facilities (admission to a hospital or nursing home for out-of-home care for a brief stay); and

"(6) such other services, as specified in State plan.

"(b)(1) For purposes of this title, an 'individual with functional limitations'—

"(A) is an individual 18 years of age or over who—

"(i) cannot perform (without substantial human assistance, including supervision) at least 3 of the activities of daily living described in subparagraphs (A) through (E) of paragraph (2); or

"(ii) needs substantial human assistance or supervision because of cognitive or other mental impairment that—

"(I) impedes ability to function; or

"(II) causes behavior that poses a serious health or safety hazard to such individual or others; or

"(B) is a child who is receiving disability payments, or would be eligible for such payments, but for the income or resource limitations considered for determining eligibility under title XVI of this Act.

"(2) The activities of daily living described in this paragraph are—

"(A) toileting;

"(B) eating;

"(C) transferring;

"(D) dressing; and

"(E) bathing.

"(c) For purposes of this title, the term 'caregiver' means a spouse, parent, child, relative or other person who—

"(A) has primary responsibility (as defined by the Secretary) of providing care for one individual with functional limitations;

"(B) does not receive financial remuneration for providing such care for such individual; and

"(C) who has provided such care to such individual for a period of not less than 3 months.

"(d) For purposes of this title, the term 'family caregiver support plan' means a written plan, developed in cooperation with the caregiver and the individual with functional limitations to reflect their choices and preferences for the type, frequency, and duration of family caregiver support services to be provided under the plan.

#### "MAINTENANCE OF EFFORT

"SEC. 2105. States receiving payments under section 2103 must maintain current levels of funding for family caregiver support services to individuals with functional limitations and their caregivers in order to be eligible to continue to receive payments for such services under this title."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall become effective with respect to services furnished on or after January 1, 1994.

#### SUMMARY OF THE FAMILY CAREGIVER SUPPORT ACT OF 1993

The Family Caregiver Support Act establishes a program which bolsters and strengthens informal support systems to help ensure that the individuals with functional limitations are maintained in the community as long as possible. When families or friends finally turn to formal community agencies, it usually represents a last-ditch attempt either to forestall institutional placement or to avoid the physical or mental breakdown of the family caregiver. This act will lighten the "caregiver burden"; the social, emotional, and financial costs associated with caregiving.

Purpose: This program will support and sustain unpaid primary caregivers of persons with functional limitations of all ages by providing temporary relief from the stresses and demands of daily caregiving.

Eligibility: The services are available for persons with functional limitations who required assistance with the three out of five activities of daily living (dressing, eating, toileting, bathing, transferring) or need substantial supervision, as well as, children declared disabled through SSI.

Services may not supplant or duplicate services otherwise available to the eligible person under Medicare, Medicaid or private insurance.

Services: The services provided for the caregiver may include any of the following on a planned or emergency basis: Companion services (non-medical); Homemaker services; Personal assistance (to assist with provision of personal needs); Adult Day Care (social and medical); or other respite services such as temporary care in accredited/licensed hospitals or nursing homes, or peer support and training for caregivers.

The eligible disabled person is entitled to \$2400 in services per year. Persons with incomes exceeding 200% of poverty must pay on a sliding fee scale (established by the states) up to a maximum benefit limit of \$75,000 income.

Administrative Structure: The statute creates a new Title XXI of the Social Security Act. The Federal expenditures are capped at \$2,400 per eligible recipient and 50% of the Administrative costs. States are required to support 50% of the administrative costs, with a maintenance of effort provision.

#### By Mr. SPECTER:

S. 1073. A bill to extend until December 31, 1994, the deadline for the State of Pennsylvania to submit certain provisions of a Clean air Act implementation plan applicable to the Liberty Borough PM-10 Nonattainment Area, and for other purposes; to the Committee on Environment and Public Works.

#### LIBERTY BOROUGH PM-10 NONATTAINMENT AREA ACT OF 1993

Mr. SPECTER. Mr. President, today I am introducing a bill to extend until December 31, 1994, the date required for the State of Pennsylvania to submit certain provisions of a Clean Air Act implementation plan applicable to the Liberty Borough PM-10 Nonattainment Area. A companion to this bill has been introduced by Congressman RICK SANTORUM in the House of Representatives.

With enactment of the Clean Air Act Amendments of 1990, Liberty Borough in Allegheny County, which encom-



passes five municipalities, was designated a "PM-10 nonattainment" area. PM-10 nonattainment refers to unacceptable levels of inhalable particulates. The Clean Air Act requires Allegheny County to submit a State implementation plan [SIP] to comply with the new PM-10 standards by June 16, 1993. Unfortunately, the Allegheny Health Department [ACHD] does not believe that it will be able to meet the June 16 deadline as set forth in a letter from ACHD to me dated May 28, 1993, attached hereto.

If a non-attainment area fails to submit a State implementation plan, the law requires the sources of the particulates in the area to provide a 2:1 offset ratio for any new source growth. According to USX, the largest steel producer in the area, the USX Clairton Coke Works in Liberty Borough is simply unable to achieve the 2:1 offsets for the new coke batteries it is planning to build in order to meet the Clean Air Act's new emissions standards. These offsets would require them to meet emission standards as much as twice that of those now required under the Clean Air Act. They maintain that such a penalty will "adversely affect the long-term future of many of the 1,600 employees currently working at the plant." Such a closing would also adversely affect 4,500 jobs in nearby USX facilities. Title 1, section 179, of the Clean Air Act Amendments of 1990 stipulates that additional sanctions would include the loss of Federal transportation funding assistance.

The inability of the county to meet the deadline is not from lack of effort. According to, Ronald J. Chlebowski, deputy director bureau of air pollution control for the Allegheny County Health Department, the county has spent \$1.2 million on this project. Due to shortcomings in the scientific method to map dispersion of the particulates, however, the county has not been able to acquire sufficient data to prepare the State implementation plan by June 16, 1993, as required by EPA. Charles Carson, vice president for environmental affairs at USX, points out that the unique geographical and meteorological characteristics of the Liberty region have made it extremely difficult to generate mathematical modeling prediction required by the Clean Air Act. Mr. Carson's letter dated May 28, 1993, to me is attached hereto.

According to Mr. Chlebowski, the Allegheny County Health Department will probably not be able to meet a second deadline of December 16, 1993, but by December 31, 1994, the bureau will have sufficient time to develop an attainment plan to meet the new Clean Air Act PM-10 standards. The ACHD letter inadvertently left out the December 31, 1994, completion date, but Mr. Roger Westman, division manager of ACHD's Program Planning Division, advised Mr. Morrie Ruffin of my staff that the

December 31, 1994, date could be met. Therefore, I consider it unreasonable to penalize a region and threaten the elimination of thousands of steel-industry jobs to meet what has been described as an unrealistic schedule to submit the paperwork necessary to show compliance. Moreover, Dan Ryan, assistant to the regional administrator for EPA Region III, states to Mr. Ruffin of my staff that the air quality in the Liberty area has improved and that the region has been in compliance with EPA's current PM-10 standards for 28 consecutive months.

Mr. President, by extending the date required for the submission of the local State implementation plan, we will ensure that the science relating to the dispersion of particulates in the Liberty area is accurate and meaningful. Moreover, it will allow the USX Corp. to concentrate its efforts on modernizing its coking facilities to meet the new emissions standards without the threat of having to meet more onerous standards because of an unrealistic SIP submission schedule over which they have no control.

While I would have preferred that the statute's timetables be precisely met, I believe that this extension is reasonable to provide for environmental protection and maintain existing jobs.

Accordingly, I urge my colleagues to join me in seeking expeditious consideration of this important legislation.

Mr. President, I ask unanimous consent that the text of the bill and additional material be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1073

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. EXTENSION OF DEADLINE FOR PLAN SUBMISSION

In recognition of the unique and distinctive geographical and meteorological characteristics of the Liberty Borough PM-10 Nonattainment Area in Western Pennsylvania (encompassing Clairton, Glassport, Port Vue, Liberty Borough, and Lincoln), the deadline applicable to that area under section 189(a)(2)(B) of the Clean Air Act (42 U.S.C. 7513a(a)(2)(B)) (relating to the date for implementation plan submissions for PM-10 Moderate Nonattainment Areas) shall be extended until December 31, 1994.

U.S. STEEL,

Pittsburgh, PA, May 28, 1993.

Hon. ARLEN SPECTER,  
U.S. Senate, Senate Hart Office Building,  
Washington, DC.

DEAR SENATOR SPECTER: Thank you very much for your inquiries concerning the PM-10 non-attainment area designation under the Clean Air Act for the area including the City of Clairton and the Boroughs of Liberty, Lincoln, Port Vue, and Glassport in Allegheny County. This area surrounds U.S. Steel's Clairton Works, which is the Nation's largest coke-producing plant.

The complex Monongahela Valley terrain in this region makes development of accu-

rate, mathematical modeling predictions required by the Clean Air Act extremely difficult to develop (see Attachments 1, 2 & 3). The Allegheny County Bureau of Air Pollution Control, with various consultants, has been working unsuccessfully for many years to develop an accurate model.

In practical terms, what this means is, despite the fact that U.S. Steel Clairton Works has spent over \$145 million over the last 5 years, and has dramatically improved actual measured air quality (the plant has not experienced an air exceedance in 2½ years), the "model" still predicts values well above the 150 microgram per cubic meter ( $\mu\text{g}/\text{m}^3$ ) daily standard. For example, Allegheny County Bureau of Air Pollution Control has measured a daily value of 96  $\mu\text{g}/\text{m}^3$ , but modeled 253  $\mu\text{g}/\text{m}^3$ —well above the standard of 150  $\mu\text{g}/\text{m}^3$ . In spite of the fact that the County has spent over \$1.2 million to develop a model, at this time the County does not believe that model is sufficiently accurate to propose a "State Implementation Plan" to submit to EPA for approval.

It is our understanding that the EPA's position is that the present provisions of the Clean Air Act mandate that it initiate statutorily-prescribed sanctions in the City of Clairton and Liberty, Lincoln, Port Vue, and Glassport Boroughs area because of the County's inability to submit an approvable SIP to EPA by June 16, 1993. The sanctions include 2-to-1 emission offsets for new construction, ineligibility for transportation funding, and loss of federal air program funds. These sanctions, if approved, will adversely impact the entire area, and potentially their high (and unnecessary) cost will affect the ability of U.S. Steel and other businesses in the area to remain competitive.

Six of the twelve operating batteries at Clairton were built in the mid-1950's and account for about 40% of current capacity. Although U.S. Steel is not currently building new coke oven batteries, EPA's existing interpretation of the Clean Air Act with respect to the imposition of the 2-to-1 emission offset rule could adversely affect the planning, permitting, financing, and construction of future replacement batteries at Clairton Works. Clairton Works needs to run at present capacity to be competitive; thus the inability to replace existing capacity at the end of its useful life has the potential to adversely effect the long-term future of many of the 1,600 employees currently working at the plant (see Attachment 4).

Finally, U.S. Steel does not believe that the public fully recognizes the tremendous environmental clean-up efforts of U.S. Steel and its 1,600 employees at Clairton Works. Attachments 5 through 14 contain information highlighting our clean-up efforts at Clairton Works over the last several years.

If you have any further questions, please call me. U.S. Steel appreciates any assistance that you can provide on this difficult Clean Air Act issue.

Very truly yours,

CHARLES G. CARSON III.

#### WHY DISPERSION MODELING IS INAPPROPRIATE FOR PM<sub>10</sub> SOURCE ATTRIBUTION IN SOUTH-EASTERN ALLEGHENY COUNTY

Development of cost-effective PM<sub>10</sub> control strategies requires accurate source attribution. EPA recommends the use of dispersion models for source attribution even though they are typically unable to apportion source contributions more accurately than a factor of two during defined 24 hour non-attainment periods even under the best of circumstances.

The use of dispersion models in Southeastern Allegheny County is inappropriate because state-of-the-art models cannot handle the complexity of the apportionment problem. Some reasons are:

**Dispersion Models Cannot Adequately Simulate Secondary Particles.**—Secondary particles account for more than half of the PM<sub>10</sub> on an average nonattainment day and can be as much as ¾ of the PM<sub>10</sub>.

**Dispersion Models Cannot Adequately Simulate Low Wind Speed Conditions.**—Most of the historical nonattainment days recorded in Southeastern Allegheny County were low wind speed days. Dispersion models cannot directly simulate these conditions.

**Dispersion Models Cannot Handle Allegheny County's Complex Terrain.**—Valley elevations are similar to stack emission heights which means that impact on valley and plateau monitors are extremely sensitive to meteorological flow differences down in the valley and on the plateau. In addition, impacts, from fugitive sources emitted in the valley cannot be accurately modeled at plateau monitoring sites such as the Liberty Borough monitoring site.

**Model Input Parameters Are Inadequate.**—The simulation emission inventory is dominated by emissions that have never been quantified (i.e. appropriate parameters measured on-site). Emissions during any 24 hour nonattainment period are unknown. The meteorological monitoring network is inadequate to provide the meteorological information necessary to model the nonattainment area.

Evidence for the inappropriateness of dispersion models for this area is provided by the failure to complete an SO<sub>2</sub> SIP based on dispersion models even after several years of effort.

#### U.S. STEEL CLAIRTON WORKS, EFFECT OF 2-1 OFFSETS AND SOME NOTABLE AIR QUALITY IMPROVEMENTS

What will 2-1 offsets do to Clairton Works? Make building a replacement battery hard or impossible until the SIP is finally approved.

Clairton needs to operate at near present capacity to be competitive, inability to replace existing capacity would strangle the plant. Six of the 12 operating batteries were built in the mid-1950's and account for about 40 percent of current capacity.

The irony is that a new battery would lower emissions significantly, but could be allowed to be built only if its emissions are less than half of the old batteries being replaced.

Planning and building a new coke battery requires 2½ to 4 years in planning and construction, depending on the amount of new technology incorporated. Construction alone takes about 2 years. Delays and uncertainty in the process could delay new construction.

For any other industry trying to expand or locate in the area, the task would be equally hard.

How much reduction has been done in how many years?

Benzene emissions: reduced by 96 percent since 1988, based on SARA 313 estimates.

Benzene in ambient air: levels reduced by 75 percent at Clairton and 87 percent at Liberty since Neshap installation in mid-1991, based on Allegheny County monitored data.

PM-10 in ambient air: reduced from 12-month average of 58 micrograms to 31 micrograms since mid-1988 (47 percent), based on county monitored data.

SO<sub>2</sub> in ambient air: reduced from 56 to 13 ppb since 1974 (77 percent), county data.

Coke oven door emissions: reduced by 52 percent since 1988.

#### ALLEGHENY COUNTY HEALTH DEPARTMENT, BUREAU OF AIR POLLUTION CONTROL,

Pittsburgh, PA, May 28, 1993.

Hon. ARLEN SPECTER,  
U.S. Senate, Hart Senate Building, Washington, DC.

DEAR SENATOR SPECTER: This letter is to apprise you of the efforts that have been and are continuing to be made by the Allegheny County Health Department Bureau of Air Pollution Control ("Bureau") to develop an air quality attainment plan for particulate matter (PM-10) in the Liberty Borough/Clairton area. Since January, 1992 the Bureau has spent in excess of 1.2 million dollars to develop an acceptable computer-based model that can be used to demonstrate attainment. This figure includes special monitoring and analysis, personnel, computer equipment, and meteorological consulting services. We continue to expend more than \$59,000 per month to complete the attainment plan. This is clearly the single largest planning project ever undertaken by the Bureau.

The \$1.2 million does not include expenditures made in 1991 or by other elements of the community. Industry has cooperated by providing large amounts of data and technical assistance through consultants and their own personnel. Citizen groups, environmentalists, academics and industry have participated through advisory committees and work groups. Since passage of the 1990 Clean Air Act there have been 31 meetings of the PM-10 Subcommittee and 26 additional meetings of smaller work groups.

The USX Clairton Coke Works, the major source in the area, is located on the valley floor at a bend of the Monongahela River. Steep hillsides rise on the opposite side of the river creating a situation which is difficult to model. EPA models work best in flat terrain not in the complex terrain found in the Monongahela Valley. Historically the Bureau has not been able to get models to perform satisfactorily in this area. Furthermore the Clairton Works is a complicated source with many emission points. It actually takes four different models to accurately simulate the air quality impact. A significant fraction of the emission points have never been tested, or can not be tested at a reasonable cost, to determine their emission rates. Where engineering judgments have been used in place of hard data they have been re-examined and fine-tuned several times to assure more realistic simulation.

Because of the reasons mentioned above the Bureau has been unable to meet the Clean Air Act deadlines for submitting a plan. The Bureau will also definitely not meet the June 16, 1993 deadline for imposition of the first sanction (2:1 offset ratio) and probably not meet the December 16, 1993 deadline for the second sanction (withholding of highway funds). Despite the difficulties, the Bureau continues to work diligently to meet the mandates of the Clean Air Act.

Sincerely yours,

RONALD J. CHLEBOSKI,  
Deputy Director,  
Bureau of Air Pollution Control.

By Mr. KERRY (for himself, Mr. CHAFEE, Mr. LIEBERMAN, and Mr. BAUCUS):

S. 1074. A bill to provide for the development and implementation of a national strategy to encourage and pro-

mote opportunities for the United States private sector to provide environmentally sound technology, goods, and services (especially source reduction and energy efficiency technology, goods, and services) to the global market, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

#### NATIONAL ENVIRONMENTAL TRADE DEVELOPMENT ACT OF 1993

• Mr. KERRY. Mr. President, on June 8 and 9 the Environmental Business Council, a national association of environmental technology companies originally founded in Massachusetts, will be holding its first national meeting in Washington. EPA Administrator Carol Browner, Secretary of Commerce Ron Brown, Harvard Business School professor Michael Porter and others will join in the launching of this national cooperative venture which will serve both private and public goals. This event will be testimony to a simple but, in its way, profoundly revolutionary, message; a message that draws on our historical experience of mobilizing as a Nation to respond to dramatic threats; and that—at the same time—confounds the conventional wisdom that environmental protection is somehow the enemy of economic growth rather than—as I believe—an essential prerequisite to growth and the creation of new jobs.

During the Second World War, America responded to the rise of Hitler with the greatest mobilization of people and resources in human history. During the cold war, we invested trillions to ensure our security and, in so doing, created by will of Government and national commitment, dynamic new industries in space technology and weapons manufacture. We took the dreams—and yes, some of the nightmares—of scientists and engineers and inventors and made them a reality, and in so doing, we created millions of jobs for American workers.

Today, we face a different kind of threat, less obvious, more dispersed, but no less deadly—a threat that is eating away at our ability to sustain life. No, it is not as spectacular as the missile and mushroom cloud of nuclear Armageddon; but it is a kind of ongoing, creeping Armageddon.

Look around in our own country at the thousands of toxic waste dumps, at the multibillion dollar mess at our nuclear arms facilities, at our polluted harbors and closed shellfish beds, and at the sad legacy of acid rain.

And then look beyond our borders to the former Soviet empire, where you will find environmental degradation such as we have never seen anywhere else on the face of this planet. Around powerplants in the Czech Republic, you can pick up gray ash in your hand and there may not be a live bush or tree within 50 miles.

Half of Poland's water is too polluted even for industrial use; a quarter of its



soil is too contaminated for safe farming; by the year 2000, in the absence of new environmental technology, the Polish people may have no potable water at all.

There is not any part of the world you can point to where these kinds of problems do not exist. You can go to China and look at the deforestation around the Yellow River and the flooding that takes place as a consequence of that.

You can fly over islands of the Philippines, the mountains of Laos and Thailand, the barren hills of Honduras and see what loggers and desperate peasants have done to what were once double and triple canopy forests; clearcutting as far as the eye can see; resulting in uncontrolled erosion that destroys farmland and degrades water; even the area around the Panama Canal is filling up with silt.

So the questions loom. How long can we continue losing forest land each year equal to the size of Washington State? How long can we continue watching wetlands dry up, farm land become desert land, coral reefs die, and fresh water transform itself from the source of life to the carrier of disease? How long can we continue pumping billions of tons of greenhouse gases into the atmosphere each year before our present concerns about standard of life give way to doubts about survival of life, as the ozone is further depleted and global climate change grows more pronounced?

The answers are plain. We cannot continue as we are, and we cannot survive if others develop as we have. For if the developing world grows with the same energy and general consumption habits of the developed world—if, for example, a billion Chinese were to become users of CFC-generating refrigerators powered by a coal-fired utility grid—it would not be long before we would face a crisis more severe and unyielding than any yet known to man.

That is why we have to break through the old assumptions about environmental regulation and the bottom line. We must commit ourselves to development and growth that is sustainable—a kind of green capitalism—where jobs and profits are linked to new technologies and practices, and where we are able to meet present needs without compromising the ability of our children to meet future needs.

We all know, here in the Senate, about the impact that defense cutbacks and the prolonged recession are having on our economy. There is no single answer to that problem. But, if any industry has the potential to provide large-quantity, well-paying, high-quality jobs, it is the environmental technology, or envirotech industry.

Envirotech is a \$200 billion a year industry headed for \$400 billion or more

by the end of the decade; an industry where the United States begins with a 40-percent market share and an enormous capacity to expand. Environmental needs and environmental awareness are growing around the globe. You can see it in everything from trade negotiations that emphasize environmental standards to new consumer publications that highlight environment-friendly goods. The demand is there. There are hundreds of thousands of jobs waiting to be created—in recycling technologies, in energy conservation, and alternative sources of power, in new manufacturing designs, in pollution cleanup, and in environmental services. These are the jobs and the business opportunities of the future and we had better understand that, because, as I know and you know, our competitors certainly do.

Last summer, at the Earth summit in Rio, I was shocked to see a delegation of 700 businessmen from Japan, fully backed by their government, compared to less than 50 from the United States, many from Massachusetts, out basically on their own. Our President arrived in Rio on virtually the last day of the summit for a photo opportunity; our competitors worked that summit from day one in search of economic opportunities.

I don't have to tell you that many American businesspeople are aware of the new realities and are moving hard to take advantage of them. But our Government can help by encouraging the export of environmental technologies and services. Today, I am introducing legislation, The National Environmental Trade Development Act of 1993, that will expand the export promotion services available to envirotech companies, bring the private sector into the process of setting strategy for environmental technology export promotion programs, and establish a clear focus, within our trade and export promotion programs, on environmental technologies.

Additional export promotion services are desperately needed in this country for all industry. A recent GAO report found that the United States spent \$0.59 for every \$1000 of exports in non-agricultural export promotion, while France spent \$1.99, Italy \$1.71, and the United Kingdom \$1.62. The United States ranks at the low end in the number of overseas export promotion staff per billion dollars in exports, with 1.56 people, while the United Kingdom has 8.05 people, France 5.87, Italy 4.14, and Germany 2.28.

Moreover, existing Government export promotion programs are an inefficient bureaucratic maze confusing to exporters. Ten Federal agencies operate over 150 export promotion programs which have been totally uncoordinated. As an example of the effects of the lack of coherent strategy setting, the Department of Agriculture received 74 percent

of the funds even though agricultural goods only constitute about 10 percent of U.S. exports. This misallocation of resources is inexcusable. While our competitors abroad execute carefully crafted export strategies, we are shooting ourselves in the foot. The Trade Promotion Coordinating Committee [TPCC], given statutory authority in legislation authored by Senator ROCKEFELLER last year will go a long way to improve coordination among agencies. But if we are to defend our worldwide market share in the growing industry of envirotech, which has been targeted by Japan and Germany, we must do more.

The National Environmental Trade Development Act of 1993 creates an inter-agency council to develop a strategy for envirotech export promotion and bring the private sector into the strategic planning process. To ensure the implementation of the strategy developed by the Council, the bill calls on the President himself, acting through the Office of Environmental Policy and the National Economic Council to coordinate the policies and programs of the agencies involved in envirotech export promotion.

Further, the bill expands the services available to envirotech companies by creating one-stop shops for export information. The Department of Commerce currently operates the Trade Information Center which provides exporters information on foreign markets. It also operates export promotion one-stop shops in the United States and Foreign Commercial Service offices. This bill would add expertise in envirotech to each of these offices, making them in effect one-stop shops for envirotech export information.

The bill also creates six new regional environmental business and technology centers which provide hands-on technical assistance to small- and medium-sized businesses in their regions on exporting environmental technologies. This assistance will include demonstrations of U.S. goods and services for foreign purchasers, assistance with marketing and distribution abroad, and training of foreign businesses in the use of U.S. environmental technologies. These centers will build on the success of the Environmental Business Council's efforts in Massachusetts and bring to businesses around the country the kind of technical, business-to-business assistance that can only be provided with private sector involvement.

But providing assistance to U.S. companies is not enough. It is the responsibility of the United States to educate those in the developing world about the importance of protecting the environment and the methods already developed for doing so. For that reason, the National Environmental Trade Development Act creates the Senior Environmental Service Corps as a new divi-

sion of the Peace Corps. The Environmental Corps will enable experienced U.S. environmental managers, regulators, educators, and other environmentalists to share their expertise with companies and individuals in developing countries.

Around the world, people are looking for leadership on issues that affect us all—and despite what happened at Rio—most people are still looking for that leadership to the United States of America. We are the people that led the alliance to victory over Adolf Hitler. We are the people that led the free world to survival in the cold war. We are the people—perhaps the only people—who have the capacity to lead now; to modify our own practices here at home, to lend a helping hand to those abroad, to show the way at international negotiations, and to harness the energies and skills of all sectors of our society to meet the environmental challenge faced by our generation, with the same determination and success that the military challenges of previous generations were overcome.

Mr. President, I ask unanimous consent that the full text of the bill and the section-by-section analysis of the bill appear in the RECORD following my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1074

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "National Environmental Trade Development Act of 1993".

#### SEC. 2. FINDINGS.

The Congress makes the following findings:

(1) The global market for environmental technology, goods, and services, is now \$270,000,000,000, and is estimated to grow to \$500,000,000,000 by the year 2000.

(2) The global environmental market has been stimulated by the increased environmental awareness of developing nations, the emergence of new republics in the former Soviet Union and Eastern Europe, increased public awareness of the importance of environmental protection, and the actions taken by nations at the United Nations Conference on Environment and Development, which was held at Rio de Janeiro on June 3–15, 1992.

(3) The United Nations Conference on Environment and Development adopted "Agenda 21", which calls on all nations to develop and implement national strategies for sustainable development of their natural resources, including the wise use of their ocean and coastal resources, and urges developed countries to enter into technology cooperation arrangements with developing countries for the provision of environmentally sound technologies.

(4) The national policy of the United States declares that pollution should be prevented or reduced at the source whenever feasible, prior to environmentally sound recycling, treatment, or landfilling.

(5) Source reduction is fundamentally different from and more desirable than waste management and pollution control and

should be emphasized by Federal agencies when such agencies are promoting United States environmental technology, goods, and services abroad.

(6) The United States private sector has developed regional clusters of environmental businesses, nonprofit organizations, and educational institutions in response to United States environmental laws and regulations.

(7) The United States historically has dominated in the development of environmentally sound technology, goods, and services, but has never gained a corresponding share of the market outside of the United States, in part because other countries have more extensive programs to assist the private sector in environmental export promotion.

(8) Experts estimate that the United States private sector could create over 300,000 new jobs by the year 2000 based on an increased share of the global market for environmental technology.

(9) At least 12 Federal agencies have some type of export promotion program, but no single agency has overall responsibility for export promotion and no agency is clearly responsible for the promotion of environmental technology exports.

(10) Promoting United States environmental exports to the global market will create jobs, assist nations to implement sustainable development programs, including the wise use of ocean and coastal resources, and enhance the role of the United States as a leader in global environmental policy.

#### SEC. 3. POLICY AND PURPOSE.

(a) POLICY.—The Congress declares that it is the policy of the United States to promote the export of United States environmental technology, goods, and services (especially source reduction and energy efficiency technology, goods, and services) to the global market for the benefit of the global environment and to increase private sector jobs in the field of environmental technology.

(b) PURPOSE.—It is the purpose of this Act—

(1) to encourage the United States private sector to export, and assist the United States private sector in exporting, environmental technology, goods, and services (especially source reduction and energy efficiency technology, goods, and services) in order to carry out the policy set forth in subsection (a);

(2) to authorize the President, acting through the Office of Environmental Policy and the National Economic Council, to coordinate the relevant policies and programs of Federal agencies to carry out the policy set forth in subsection (a);

(3) to direct the Secretary of Commerce to ensure that the policies and programs of the Department of Commerce, including those of the National Oceanic and Atmospheric Administration, are consistent with and will help carry out the policy set forth in subsection (a);

(4) to establish the Environmental Trade Promotion Council of the United States, a public-private partnership, and require the Council to develop a national strategy to promote environmental exports;

(5) to authorize matching funds to qualified regional environmental business and technology cooperation centers to provide technical assistance, education, and training to small- and medium-sized United States businesses entering the global environmental market and to provide appropriate training to foreign nationals;

(6) to establish a senior-level environmental service corps within the Peace Corps

through which experienced environmental professionals would assist developing countries and emerging democracies to develop and implement their sustainable development programs, including programs to promote the wise use of ocean and coastal resources; and

(7) to authorize the Secretary of Commerce to establish American Business Centers, including Environmental Business Centers, in nations that offer promising new markets for United States environmental technologies (especially source reduction and energy efficiency technologies).

#### SEC. 4. UNITED STATES ENVIRONMENTAL TRADE PROMOTION STRATEGY.

The President, acting through the Office of Environmental Policy and the National Economic Council, shall coordinate the export promotion programs of Federal agencies to ensure that these programs are consistent with and implement the national strategy to increase environmental exports that is developed by the Environmental Trade Promotion Council under section 6.

#### SEC. 5. COMMERCE DEPARTMENT PARTICIPATION IN ENVIRONMENTAL TRADE PROMOTION STRATEGY.

(a) REVIEW.—The Secretary shall review the applicable policies and programs of the Department of Commerce, including those of the United States and Foreign Commercial Service and other components of the International Trade Administration, and those of the National Oceanic and Atmospheric Administration, to ensure that these policies and programs are consistent with and implement the national strategy to increase environmental exports that is developed by the Environmental Trade Promotion Council under section 6.

(b) REPORT TO CONGRESS.—The Secretary shall report to the Congress any policies and programs that are found in the review conducted under subsection (a) to be inconsistent with the national strategy developed under section 6 and make recommendations for any legislative changes needed in the authorities of those programs to remove the inconsistency.

#### (c) 1-STOP SHOPS.—

(1) AT THE TRADE INFORMATION CENTER.—The Secretary shall establish at the Trade Information Center in the Department of Commerce an environmental technology export promotion 1-stop shop to provide information to United States businesses selling environmental technology, goods, and services (especially source reduction and energy efficiency technology, goods, and services) on applicable technical and financial assistance programs of the Department, potential global market opportunities, including trade fairs, for those businesses, and on international environmental regulations.

(2) AT UNITED STATES AND FOREIGN COMMERCIAL SERVICE OFFICES.—The Secretary shall ensure that appropriate offices of the United States and Foreign Commercial Service, which function as 1-stop shops for United States exporters, will also function as environmental technology export promotion 1-stop shops to provide information described in paragraph (1) to United States businesses selling environmental technology, goods, and services (especially source reduction and energy efficiency technology, goods, and services) in the district or area served by each such office. In operating such shops outside the United States, the Secretary shall cooperate with the Regional Environmental Business and Technology Cooperation Centers described in section 7.



**SEC. 6. ENVIRONMENTAL TRADE PROMOTION COUNCIL.**

(a) **ESTABLISHMENT.**—The President shall establish an Environmental Trade Promotion Council (hereafter in this Act referred to as the "Council").

(b) **MEMBERSHIP.**—The Council shall be composed of the following members:

- (1) The Secretary of Commerce.
- (2) The Secretary of Energy.
- (3) The Administrator of the Environmental Protection Agency.
- (4) The Administrator of the Agency for International Development.
- (5) The Director of the Trade and Development Agency.
- (6) The President of the Export-Import Bank of the United States.
- (7) The President of the Overseas Private Investment Corporation.

(8) 6 individuals appointed by the President from among representatives of the United States environmental technology industry, including 1 representative of the marine biotechnology industry.

(9) 3 individuals appointed by the President from among representatives of labor, consumer protection, and environmental conservation organizations.

(10) 3 individuals appointed by the President from among representatives of the States and associations representing the States.

(c) **CHAIRPERSON.**—The Secretary shall serve as the chairperson of the Council.

(d) **FUNCTIONS OF THE COUNCIL.**—The Council shall—

(1) develop a national strategy to increase exports of United States environmental technology, goods, and services (especially source reduction and energy efficiency technology, goods, and services);

(2) work with the Environmental Trade Promotion Working Group of the Trade Promotion Coordinating Committee in developing the national strategy referred to in paragraph (1);

(3) prepare an action plan to implement the national strategy, including recommended guidelines for agencies represented on the Council and the Environmental Trade Promotion Working Group referred to in paragraph (2) to take action within their respective agencies to promote exports of environmental technologies (especially source reduction and energy efficiency technologies);

(4) submit the national strategy and action plan simultaneously to the President and the Congress by April 30, 1994; and

(5) make periodic reports to the President and the Congress on the achievement of the goals of the national strategy and the action plan.

(e) **STAFF AND ADMINISTRATION.**—

(1) **SUPPORT SERVICES.**—The Secretary shall provide to the Council such administrative and technical support services as are necessary for the effective functioning of the Council.

(2) **OTHER SUPPORT.**—The Administrator of General Services shall furnish the Council with such offices, equipment, supplies, and services as the Administrator is authorized to furnish to any other agency or instrumentality of the United States.

(3) **COMPENSATION AND EXPENSES.**—

(A) Except as provided in subparagraph (B), members of the Council shall each be paid the daily equivalent of the minimum rate of basic pay payable for grade GS-15 of the General Schedule for each day during which they are engaged in the actual performance of duties vested in the Council.

(B) Members of the Council who are officers and employees of the United States may not receive additional pay, allowances, or benefits by reason of their service on the Council.

(C) Each member of the Council shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

(f) **DISCLOSURE OF FINANCIAL INTEREST.**—Each member of the Council appointed under paragraph (8) or (9) of subsection (b) shall file with the Secretary, before serving on the Council, a statement of financial interest that that individual, or the spouse, minor child, or partner of that individual may have in an activity that may be addressed by the national strategy or action plan developed under subsection (d).

(g) **PROCEDURAL MATTERS.**—

(1) **FEDERAL ADVISORY COMMITTEE ACT.**—The Council is not an advisory committee for purposes of the Federal Advisory Committee Act (5 U.S.C. App. 1.).

(2) **OPEN MEETINGS.**—The meetings of the Council shall be open to the public and timely public notice shall be provided in advance of each regular meeting of the Council.

(h) **SUNSET.**—The Council shall cease to exist on September 30, 1998.

**SEC. 7. REGIONAL ENVIRONMENTAL BUSINESS AND TECHNOLOGY COOPERATION CENTERS.**

(a) **PURPOSE.**—It is the purpose of this section to provide matching funds for the establishment of regional environmental business and technology cooperation centers that will draw upon their own expertise and existing Federal Government programs to provide assistance, education, and training for United States and foreign companies and organizations engaged in providing and acquiring United States environmental technology, goods, and services (especially source reduction and energy efficiency technology, goods, and services).

(b) **REGIONAL ENVIRONMENTAL BUSINESS AND TECHNOLOGY COOPERATION CENTERS.**—Eligible government and private sector organizations that are actively engaged in providing export assistance to small- and medium-sized environmental businesses and environmental training to foreign nationals may apply to the Secretary, in such form and manner as the Secretary may prescribe, for designation as a Regional Environmental Business and Technology Cooperation Center. Eligible organizations include State and local government agencies, small- and medium-sized businesses, and appropriate programs implemented by professional societies, worker organizations, industrial organizations, for-profit and nonprofit organizations, and institutions of higher education, including those designated as sea grant colleges under the National Sea Grant College Program Act (33 U.S.C. 1121 and following).

(c) **STANDARDS FOR DESIGNATION OF CENTERS.**—The Secretary shall establish standards for designating organizations or programs described in subsection (b) as Regional Environmental Business and Technology Cooperation Centers. In establishing such standards, the Secretary shall give priority to—

(1) already existing centers and organizations which have demonstrated competence in the areas of environmental education and training and provision of export assistance to small- and medium-sized businesses; and

(2) any group of eligible organizations that would be designated as a single Regional Environmental Business and Technology Cooperation Center.

(d) **GRANTS.**—

(1) **IN GENERAL.**—The Secretary may, subject to the availability of appropriations, make grants to Regional Environmental Business and Technology Cooperation Centers designated under subsection (b).

(2) **USE OF GRANTS.**—Grants awarded under paragraph (1) may be used by a Regional Environmental Business and Technology Cooperation Center—

(A) to provide demonstrations of United States environmental technology (especially source reduction and energy efficiency technology) in the United States and in countries that offer promising new market possibilities for the export of environmental technology (especially source reduction and energy efficiency technology) to foreign nationals that have an interest in purchasing United States environmental technology;

(B) to provide technical assistance on export development programs and export financing to small- and medium-sized businesses, in the region served by the Center, that have an interest in exporting such environmental technology, goods, and services (especially source reduction and energy efficiency technology, goods, and services);

(C) to provide technical assistance on how to market, distribute, and provide pre- and post-sales service to small- and medium-sized businesses, in the region served by the Center, that have an interest in exporting such environmental technology, goods, and services (especially source reduction and energy efficiency technology, goods, and services);

(D) to conduct programs in the United States of training and education of foreign nationals in environmental management, coastal zone management, sustainable development, marine pollution prevention and response, marine biotechnology, and environmental business management;

(E) to identify market data, environmental needs, and environmental regulations of specified foreign countries and areas for United States environmental technology, goods, and services (especially source reduction and energy efficiency technology, goods, and services); and

(F) to perform other services to promote the export of United States environmental technology, goods, and services (especially source reduction and energy efficiency technology, goods, and services).

(3) **TERMS OF GRANTS.**—Each grant under this subsection may be awarded for an initial period of not more than 3 years and may be renewed for 1 additional period of not more than 2 years. Each such grant may not at any time exceed 50 percent of the operating costs of the recipient Regional Environmental Business and Technology Cooperation Center and shall be matched by financial and in-kind contributions of the Center.

(4) **LIMITATION IN NUMBER OF GRANTS.**—The Secretary is authorized to make grants under this section to not more than 6 Regional Environmental Business and Technology Cooperation Centers.

**SEC. 8. SENIOR ENVIRONMENTAL SERVICE CORPS.**

The Peace Corps Act (22 U.S.C. 2501-2523) is amended by adding at the end the following:

**"SEC. 29. SENIOR ENVIRONMENTAL SERVICE CORPS.**

"(a) **ESTABLISHMENT OF SENIOR ENVIRONMENTAL SERVICE CORPS.**—There is established within the Peace Corps a division known as the 'Senior Environmental Service Corps'.

"(b) **PURPOSE.**—The purpose of the Senior Environmental Service Corps is to provide

volunteers with experience in environmental management, environmental technology (especially source reduction and energy efficiency technology), sustainable development, coastal zone management, or marine pollution and prevention, to countries requesting volunteers with these skills.

"(c) DUTIES AND RESPONSIBILITIES.—Volunteers in the Senior Environmental Service Corps shall provide advice to foreign governments, ministries, for-profit and nonprofit organizations, and others in environmental management, strategies, and practices.

"(d) TERMS AND CONDITIONS OF SERVICE.—The President shall enroll volunteers in the Senior Environmental Service Corps in the same manner and under the same terms and conditions of service as other volunteers are enrolled under section 5 of this Act, except that volunteers in the Senior Environmental Service Corps may be provided with stipends sufficient to enable them to fulfill the functions described in subsection (c) of this section."

#### SEC. 9. AMERICAN BUSINESS CENTERS.

(a) ESTABLISHMENT.—The Secretary is authorized and encouraged to establish American Business Centers, including Environmental Business Centers, in such countries that the Secretary determines offer promising new market possibilities for the export of United States environmental technology, goods and services (especially source reduction and energy efficiency technology, goods, and services). To the maximum extent practicable, the Secretary shall use the private sector to establish such Centers.

(b) POLICY GUIDANCE.—To the extent consistent with the policy and purposes of this Act, the Secretary shall comply with the directives set forth in paragraphs (1), (2), (3), (4), and (6) of section 301(c) of the Freedom Support Act of 1992 (22 U.S.C. 5821) in establishing American Business Centers and Environmental Business Centers under this section.

#### SEC. 10. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated—

(1) to the Secretary of Commerce—

(A) \$4,000,000 for each of fiscal years 1994, 1995, 1996, 1997, and 1998, to carry out sections 5, 6, and 9; and

(B) \$6,000,000 for each of fiscal years 1994, 1995, 1996, 1997, and 1998, to carry out section 7; and

(2) to the Director of the Peace Corps \$1,500,000 for each of fiscal years 1994, 1995, 1996, 1997, and 1998 to carry out section 8.

Sums appropriated pursuant to paragraph (2) shall remain available for 2 fiscal years.

#### SEC. 11. DEFINITIONS.

As used in this Act—

(1) the term "export promotion program" means any activity of the Federal Government designed to stimulate or assist United States businesses in marketing their goods and services, including environmental technology, abroad;

(2) the term "Secretary" means the Secretary of Commerce; and

(3) the term "State" means each of the several States, the District of Columbia, and any commonwealth, territory, or possession of the United States.

#### THE NATIONAL ENVIRONMENTAL TRADE DEVELOPMENT ACT OF 1993—SENATOR JOHN KERRY

Section 1. The Short title of the bill is the "National Environmental Trade Development Act of 1993."

Section 2. This section contains the findings on which the bill is based, including the

finding that the global market for environmental technologies is currently \$270 billion and may grow to \$500 billion by the year 2000.

Section 3. This section contains the policy and purposes of the bill. The central policy is to enhance the U.S. leadership in exporting environmental technologies, goods, and services in order to create private sector jobs and benefit the global environment.

Section 4. This section calls on the President, acting through the Office of Environmental Policy and the National Economic Council, to coordinate the policies and programs of agencies involved in export promotion of U.S. environmental technology, goods, and services.

Section 5. This section directs the Secretary of Commerce to coordinate all relevant Department of Commerce programs, including those of the National Oceanic and Atmospheric Administration; report to Congress concerning any needed legislative changes required to implement the national strategy; and add expertise on environmental technology goods and services to the Trade Information Center at the Department of Commerce and the export promotion one-stop shops at appropriate U.S. and Foreign Commercial Service offices.

Section 6. This section authorizes the President to establish a 19-member Environmental Trade Promotion Council comprised of representatives from the government and the private sector. The Council will be chaired by the Secretary of Commerce. The new Council is needed to bring the private sector into the strategic planning process for promoting U.S. environmental exports. Neither the Trade Promotion Coordinating Committee nor its subgroup, the Environmental Trade Working Group, has any private sector representation. The Environmental Trade Promotion Council is directed to develop, by April 30, 1994, a national strategy and action plan to increase exports of U.S. environmental technologies, goods and services. The Council will cease to exist on September 30, 1998.

Section 7. This section authorizes the Secretary of Commerce to designate and provide matching (50-50) grants to no more than six Regional Environmental Business and Technology Cooperation Centers. The Centers will provide hands-on assistance to small- and medium-sized businesses in their regions on exporting environmental technologies, demonstrating those technologies, analyzing market needs for those technologies, and helping foreign businesses and individuals obtain training and assistance to use U.S.-made environmental technologies. These Centers differ from the one-stop shops at the U.S. and Foreign Commercial Service offices in that they provide technical assistance and business-to-business contacts.

Section 8. This section establishes a Senior Environmental Service Corps as a new division of the Peace Corps. The Senior Environmental Service Corps will consist of experienced environmental managers, regulators, educators, and other environmentalists; will serve generally under the same terms and conditions as other Peace Corps volunteers; will provide advice to governments and organizations in nations requesting Peace Corps volunteers with this type of specialized expertise; and will be eligible for additional stipends commensurate with experience and education, if needed to recruit Environmental Service Corps volunteers.

Section 9. This section authorizes the Secretary of Commerce to establish American Business Centers and Environmental Business Centers in nations that offer promising

new market possibilities for U.S.-made environmental technologies, goods and services. The Secretary is encouraged to use the private sector to the maximum extent practicable in establishing such Centers. The Centers are facilities with services and information for U.S. small- and medium-sized companies that want to do businesses overseas but lack the wherewithal to establish their own presence overseas. The Centers are modeled on Centers authorized in section 301 of the Freedom Support Act (Public Law 102-511), but are not limited to the independent states of the former Soviet Union and are to be funded through the Commerce Department.

Section 10. This section authorizes appropriations for the Secretary of Commerce and the Director of the Peace Corps for fiscal years 1994-1998 to carry out the Act.●

#### ADDITIONAL COSPONSORS

S. 4

At the request of Mr. HOLLINGS, the name of the Senator from Nebraska [Mr. EXON] was added as a cosponsor of S. 4, a bill to promote the industrial competitiveness and economic growth of the United States by strengthening and expanding the civilian technology programs of the Department of Commerce, amending the Stevenson-Wylder Technology Innovation Act of 1980 to enhance the development and nationwide deployment of manufacturing technologies, and authorizing appropriations for the Technology Administration of the Department of Commerce, including the National Institute of Standards and Technology, and for other purposes.

S. 368

At the request of Mr. BUMPERS, the names of the Senator from Ohio [Mr. GLENN], and the Senator from California [Mrs. BOXER] were added as cosponsors of S. 368, a bill to amend the Internal Revenue Code of 1986 to provide a capital gains tax differential for individual and corporate taxpayers who make high-risk, long-term, growth-oriented venture and seed capital investments in startup and other small enterprises.

S. 416

At the request of Mr. DECONCINI, the name of the Senator from Hawaii [Mr. INOUE] was added as a cosponsor of S. 416, a bill to authorize the provision of assistance to the victims of war in the former Yugoslavia, including the victims of torture, rape, and other war crimes and their families.

S. 434

At the request of Mr. BUMPERS, the name of the Senator from Colorado [Mr. CAMPBELL] was added as a cosponsor of S. 434, a bill to amend the Internal Revenue Code of 1986 to allow taxpayers a bad debt deduction for certain partially unpaid child support payments and to require the inclusion in income of child support payments which a taxpayer does not pay, and for other purposes.



S. 487

At the request of Mr. MITCHELL, the name of the Senator from Washington [Mr. GORTON] was added as a cosponsor of S. 487, a bill to amend the Internal Revenue Code of 1986 to permanently extend and modify the low-income housing tax credit.

S. 578

At the request of Mr. KENNEDY, the name of the Senator from Ohio [Mr. GLENN] was added as a cosponsor of S. 578, a bill to protect the free exercise of religion.

S. 634

At the request of Mr. GLENN, the name of the Senator from Hawaii [Mr. INOUE] was added as a cosponsor of S. 634, a bill to establish a program to empower parents with the knowledge and opportunities they need to help their children enter school ready to learn, and for other purposes.

S. 666

At the request of Mr. DANFORTH, the name of the Senator from Wyoming [Mr. WALLOP] was added as a cosponsor of S. 666, a bill to amend the Internal Revenue Code of 1986 to permanently extend and modify the credit for increasing research activities, and for other purposes.

S. 839

At the request of Mr. HOLLINGS, the names of the Senator from Illinois [Mr. SIMON] and the Senator from Florida [Mr. GRAHAM] were added as cosponsors of S. 839, a bill to establish a program to facilitate development of high-speed rail transportation in the United States, and for other purposes.

S. 858

At the request of Mr. DANFORTH, the name of the Senator from Minnesota [Mr. DURENBERGER] was added as a cosponsor of S. 858, a bill to amend the Internal Revenue Code of 1986 to modify the alternative minimum tax system, and for other purposes.

S. 874

At the request of Mr. PRESSLER, the name of the Senator from Alabama [Mr. HEFLIN] was added as a cosponsor of S. 874, a bill to reauthorize Public Law 81-874 (Impact Aid), and for other purposes.

S. 881

At the request of Mr. DODD, the name of the Senator from Nevada [Mr. BRYAN] was added as a cosponsor of S. 881, a bill to amend the Elementary and Secondary Education Act of 1965 to reauthorize and make certain technical corrections in the Civic Education Program, and for other purposes.

S. 917

At the request of Mr. BOND, the names of the Senator from Ohio [Mr. METZENBAUM], and the Senator from California [Mrs. FEINSTEIN] were added as cosponsors of S. 917, a bill to provide surveillance, research, and services aimed at prevention of birth defects.

S. 943

At the request of Mr. DURENBERGER, the names of the Senator from New Mexico [Mr. DOMENICI], and the Senator from North Dakota [Mr. CONRAD] were added as cosponsors of S. 943, a bill to protect children from the physical and mental harm resulting from violence contained in television programs.

S. 1007

At the request of Mr. PRYOR, the name of the Senator from Montana [Mr. BURNS] was added as a cosponsor of S. 1007, a bill to recreate the common good by supporting programs that enable adults to share their experience and skills with elementary and secondary school age children.

#### SENATE CONCURRENT RESOLUTION 27—EVERY FIFTH CHILD RESOLUTION

Mr. LEAHY (for himself, Mr. GORTON, Mr. HARKIN, Mr. DASCHLE, Mr. BAUCUS, Mr. CAMPBELL, Mr. JOHNSTON, and Mr. DECONCINI) submitted the following concurrent resolution, which was referred to the Committee on Labor and Human Resources.

S. CON. RES. 27

Whereas every fifth child in the United States lives in poverty;

Whereas every 35 seconds, on the average, an infant is born into poverty in the United States;

Whereas children, who account for 15 percent of all homeless people, are the fastest growing segment of the homeless population;

Whereas, in the last decade, childhood poverty increased 21 percent;

Whereas Bread for the World and the bipartisan National Commission on Children recommended funding increases to allow all eligible individuals access to the special supplemental food program for women, infants, and children and Head Start programs, and called for expansion of the Job Corps;

Whereas a study conducted by the Secretary of Agriculture in 1991 demonstrated that for each dollar spent on a pregnant woman under the WIC program between \$2.98 and \$4.75 was saved in Medicaid costs;

Whereas, in 1990, corporate executive officers of 5 major corporations testified at a congressional hearing about the need to fully fund the WIC program by the year 1996 and concluded that "each pregnant woman, infant, and child who could benefit from WIC but is left out of the program represents a potential drain both on budgetary outlays in subsequent years and on our Nation's future economic growth, not to mention a tragic loss in human potential";

Whereas the WIC program reduces fetal death and low birthweight, a major cause of infant mortality;

Whereas a study by the Comptroller General found that WIC benefits provided to all eligible pregnant women would more than pay for themselves in 1 year and would avert more than \$1,000,000,000 in health-related costs over an 18-year period;

Whereas additional health benefits for children in the WIC program include reduction of anemia, increased immunization, and regular health care;

Whereas participation in the WIC program also improves the cognitive development of children;

Whereas, as of the date of approval of this resolution, the WIC program serves around 60 percent of those individuals who are eligible;

Whereas children who have participated in a Head Start program are more likely to succeed in school and less likely to be retained in a grade or to be placed in special education;

Whereas, in addition to providing educational benefits, the comprehensive services offered by Head Start programs help children receive complete medical care, including immunizations against infectious diseases;

Whereas Head Start programs have a 28-year record of success;

Whereas, despite well documented program effectiveness, as of the date of approval of this resolution, Head Start programs reach only 1 in 3 eligible children;

Whereas the Job Corps has helped 1,500,000 disadvantaged youth further their education and has opened doors to job opportunities these youth otherwise would not have had;

Whereas, during 1991, according to the Secretary of Labor, 60 percent of the Job Corps graduates found employment and 16 percent went on to advanced training or education;

Whereas a 1983 private study found that for every dollar invested in the Job Corps, \$1.46 is returned through reductions in welfare costs and the costs attributable to crime and incarceration and through increased taxes paid by graduates;

Whereas the Job Corps now serves only 1 in 7 of the most needy youth in the United States;

Whereas funding should be provided so that the WIC program is fully funded by the year 1996;

Whereas funding should be provided so that Head Start programs are fully funded by the year 1999;

Whereas funding should be provided to the Job Corps so that at least 50 new centers can be developed by the year 2001 and at least 50 percent more low-income disadvantaged youth can be served by the year 2001;

Whereas experts from across the political spectrum of the United States have called for reductions in military spending as a result of the end of the Cold War; and

Whereas it is appropriate to reevaluate our national priorities and redirect a portion of our military savings to address the pressing needs of our children: Now, therefore, be it

*Resolved by the Senate (the House of Representatives concurring), It is the sense of Congress that—*

(1)(A) the special supplemental food program for women, infants, and children (WIC) authorized by section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786) should be fully funded by 1996;

(B) Head Start programs established under the Head Start Act (42 U.S.C. 9831 et seq.) should be fully funded by 1999; and

(C) at least 50 additional Job Corps centers established under subtitle B of title IV of the Job Training Partnership Act (29 U.S.C. 1691 et seq.) should be established by the year 2001 and the Job Corps should serve at least 50 percent more low-income disadvantaged youth by the year 2001;

(2) funds should be made available to begin to achieve the goals stated in paragraph (1);

(3) in the case of the special supplemental food program for women, infants, and children (WIC), at least—

(A) \$3,287,000,000 should be made available for fiscal year 1994;

(B) \$3,564,000,000 should be made available for fiscal year 1995; and

(C) \$3,914,000,000 should be made available for fiscal year 1996;

(4) in the case of Head Start programs, at least—

(A) \$4,150,000,000 should be made available for fiscal year 1994;

(B) \$4,970,000,000 should be made available for fiscal year 1995;

(C) \$5,810,000,000 should be made available for fiscal year 1996;

(D) \$6,740,000,000 should be made available for fiscal year 1997;

(E) \$7,660,000,000 should be made available for fiscal year 1998; and

(F) full funding should be made available for fiscal year 1999; and

(5) in the case of the Job Corps program, at least—

(A) \$1,153,000,000 should be made available for fiscal year 1994;

(B) \$1,250,000,000 should be made available for fiscal year 1995;

(C) \$1,400,000,000 should be made available for fiscal year 1996;

(D) \$1,490,000,000 should be made available for fiscal year 1997;

(E) \$1,550,000,000 should be made available for fiscal year 1998;

(F) \$1,709,000,000 should be made available for fiscal year 1999; and

(G) \$1,821,000,000 should be made available for each of fiscal years 2000 and 2001.

SEC. 2. This resolution may be cited as the "Every Fifth Child Resolution".

Mr. LEAHY. Mr. President, children are our most precious resource. They are our future. Yet when it comes to facing children's problems on the national level, the budget deficit, the military, and foreign affairs seem to command more attention.

Every fifth child in the United States lives in poverty. Children, who account for 15 percent of all homeless people, are the fastest growing segment of the homeless population. In the last decade, child poverty increased 21 percent.

Today I am submitting a concurrent resolution which expresses the sense of the Congress in support of increased funding for three cost-saving programs. These three programs dramatically reduce childhood hunger and poverty: the Special Supplemental Food Program for Women, Infants, and Children [WIC]; Head Start; and Job Corps.

If the United States is to progress into the 21st century, we must dedicate ourselves to sustaining and strengthening our Nation's children. Investment in these programs—WIC, Head Start, and Job Corps—are a step toward achieving that goal.

The purpose of the every fifth child resolution is simple—to support efforts to ensure that all children have enough food to eat and the educational skills to lead a productive, successful life.

This effort has been promoted tirelessly by Bread for the World. They are truly advocates of the children. Through Bread for the World, and 330 other organizations like it, the plight of child poverty remains at the forefront of our Nation's consciousness.

It is time to rethink the priorities of the last 12 years and set our Nation on the right path once and for all. We must end child poverty and hunger.

We must invest in our children and make their future our top priority. To

be a productive and competitive Nation we must nurture and support our children. The very same children that with their families have had to line up at food shelters, or worse yet, going without food, are unable to learn and live a normal childhood.

President Clinton shares these goals. The President's budget calls for full funding of the WIC Program, full funding of Head Start, and expansion of Job Corps. We now have a President who has a vision for this unprecedented opportunity. We should not lose this chance.

With the end of the cold war, we face a once-in-a-generation opportunity to redirect taxpayer money—previously lavished on the military—into programs that help our children. Some will say that such savings should go solely to deficit reduction, meanwhile children languish, programs with proven success go unfunded, and we lose an opportunity like this Nation has not had in recent memory to invest in the future. There can be no better use for the money saved by reductions in military spending than investing in our children.

This concurrent resolution expresses congressional support for full funding of WIC phased in by 1996; full funding for Head Start phased-in by 1999; and increased funding for Job Corps, to set up 50 additional Job Corps Centers by the year 2001.

These programs help children at three critical periods of life: WIC reduces infant mortality by providing nutritious foods, nutrition instruction, and health assessments to low-income pregnant women, infants, and children; Head Start provides a comprehensive preschool program—including nutrition, education, and medical services—to low-income children; and Job Corps offers health care, education and vocational training to disadvantaged youth.

Despite their outstanding record, all of these programs are underfunded. WIC reaches only 60 percent of eligible participants, Head Start reaches only one out of three eligible children, and Job Corps serves only one in seven eligible youth.

The Special Supplemental Food Program for Women, Infants, and Children [WIC], created by Congress in 1972, is universally acclaimed as one of our Nation's most successful nutritional programs. In addition to food, WIC provides nutritional instruction, health assessments, and medically prescribed supplements. WIC is also a cost-saving program.

Much of the short-term savings realized by WIC is due to the fact that WIC reduces the chances that babies will have low birthweights, or that they will be born prematurely. Babies with low birthweight are at greater risk of a range of physical impairments, and often require very expensive long-term care. A 1991 USDA study showed that

for every WIC dollar spent on a pregnant woman, between \$2.98 and \$4.75 was saved in Medicaid costs during the first 60 days after birth.

Head Start is an early childhood development program that addresses the wide-ranging needs of preschool children. Eligible children receive nutrition, education, and medical services, and their parents receive child rearing counseling. Head Start has dramatically influenced the educational and social development of the children involved. In fact, children in programs such as Head Start are twice as likely to graduate from high school, than those children in similar circumstances who cannot participate. Head Start has a 28-year record of success.

Job Corps is a program that was established to help disadvantaged youths gain job skills and work experience. Through Job Corps Centers, participating youths, ages 16-21, attend classes to gain high school equivalency degrees and receive career training, counseling and health care. Job Corps has helped millions of young adults further their education and has opened doors to job opportunities these young people otherwise would not have had.

WIC, Head Start, and Job Corps are programs that have proven themselves as worthwhile public investments—not useless public expenses. Four dollars can be saved for every dollar invested in WIC, \$3 for each dollar spent on Head Start, and \$1.50 for every dollar invested in Job Corps.

In the last decade, more and more people have fallen below the poverty line, and we are even now continuing to feel the effects of the recession. As the number of those in poverty have increased, WIC, Head Start, and Job Corps have been placed under increased pressure to handle the swelling numbers of people that rely on these programs for day-to-day existence.

President Clinton has committed his administration to investing in the people these programs serve. This investment in human potential is long overdue.

I have submitted this measure as a concurrent resolution to ensure the broadest possible support in the Congress. I hope my colleagues on both sides of the aisle will join me in sponsoring this concurrent resolution.

Mr. GORTON. Mr. President, earlier this year, the University of Washington and the Washington Children's Alliance released their annual report: The State of Washington's Children 1992. One of the most disturbing statistics in the report is that one in four of our children live in homes where their parents cannot provide basic human necessities. They must often choose between heating their home in the winter or properly feeding their children. They must often choose between paying their rent or taking their child to the doctor.



These problems are not unique to Washington State. It is estimated that one in five children in America lives in poverty. There is no question that we must address this problem immediately. But, in doing so, we must utilize programs that are effective, programs that have proven to be wise investments, and which actually help raise our children out from under the grip of poverty.

The people of Washington State are aware of the need for investing in good programs. In the last year I have received literally thousands of letters and phone calls urging me to take steps to fight poverty. In response to the thousands of Washington State citizen's who contacted me, I am proud to join Senator LEAHY in introducing the every fifth child resolution; named for the fact that every fifth child in America lives in poverty.

This bill attacks poverty by calling on the Congress to create new job and educational opportunities and by helping families fulfill their basic nutritional needs.

The every fifth child resolution will accomplish these goals by endorsing the full funding of three vital and effective programs: The Special Supplemental Food Program for Women, Infants, and Children [WIC]; the Head Start Program; and, the Job Corps Program.

As a member of the Appropriations Subcommittee which funds the programs, I do not make this decision lightly. My support was given only after much research and careful evaluations of these programs and how they interact with other programs. During the consideration of the budget resolution earlier this year, I supported amendments that were in line with the goals of this resolution. On the appropriations subcommittee I will work to ensure that these and other programs providing a better future for our children receive the funding they deserve.

Further, I lend my support for the every fifth child resolution with the expectation that improvements will be made to the programs it supports. In recent months, new findings have demonstrated the need for improving these programs to more effectively serve the needy children of the United States. These concerns, however, do not overshadow the important services these programs provide and that is why I am pleased to support this resolution.

This proposal is one of many steps that I am taking this year to help children and their families. Earlier this year I introduced the Fairness for Adopted Children Act. This bill will help young, low-income women in crisis pregnancy to receive the maternity services they need to make a proper decision about their future and the future of their babies. It will also help adopted children and families receive equal treatment in health insurance and family leave policies.

A second bill that I introduced just this week is the Youth Job Opportunities Through Business Act. This legislation will create thousands of job opportunities for young people through public-private partnerships. The Youth Jobs Act will also bolster local communities and local economies by taking America's youth out of make-work government programs and placing them into private businesses where they will be actively contributing to America's productivity and economic growth.

The every fifth child resolution is another important piece of legislation in combatting childhood poverty.

In "The Family Crucible and Healthy Child Development," the Carnegie Foundation stated that prenatal and preventative care for children in their first few years is crucial to the healthy development of the child. "Good prenatal care dramatically improves the chances that a woman will bear a healthy baby. Well-baby care oriented to preventing lifelong damage is vital \* \* \*". The WIC Program is a crucial link in providing this care to children. WIC provides supplementary food to under-privileged families which helps to reduce fetal death and low birth weight, a major cause of infant mortality.

In 1990, executive officers from five major U.S. corporations testified at a congressional hearing that the WIC Program is an effective tool for combatting poverty. It is estimated that for every dollar we spend on WIC, we save up to \$4.21 in future Medicaid and welfare costs. Unfortunately, the WIC Program only serves 55 percent of those eligible. The Every Fifth Child Act would rectify that situation.

Another problem area addressed by "The State of Washington Children 1992" is the lower educational attainment levels of our children. This problem forms in the very earliest years of education. The Every Fifth Child Act will attack this problem by fully funding the Head Start Program. Head Start provides educational opportunities for under-privileged children as well as comprehensive services to improve children's health care. In Washington State, only 50 percent of 2-year-old children are completely immunized. Head Start offers not only immunization for participating children, but also complete medical screenings. Like WIC, Head Start has a proven track record of success. For every dollar we spend on it, we save an estimated \$4.75 in future special education and other medical and education costs.

An issue that will receive considerable attention in the new Congress is job creation and economic growth. The Every Fifth Child Act addresses this issue by relying on the proven Job Corps Program. The average Job Corps enrollees are 18-year-old high school drop-outs from poor families. They

generally have never held a full time job. Without help, their prospects for success, or even self-sufficiency, are slim. But, after a short enrollment in the Job Corps—the average stay is 7.3 months—their future is dramatically different. During 1989, according to the Department of Labor, 84 percent of the Job Corps graduates went on to full-time employment, advanced training, or further education. The cost benefit analysis shows that for every dollar invested in Job Corps, \$1.46 is saved through reductions in welfare and related programs. But, once again, this program is underutilized—only 1 out of 7 of eligible youth are served. The Every Fifth Child Act would allow 50 additional centers to be built and help 50 percent more low-income youth by the year 2000.

Combined, the programs supported in the every fifth child resolution, the Fairness for Adopted Children Act, and the Youth Job Opportunities Through Business Act will give our children new opportunities for success and give America a tremendous return on our investment. It is time for Congress to take decisive action to provide economic opportunities and equitable treatment to America's youth and pass these important pieces of legislation.

#### SENATE CONCURRENT RESOLUTION 28—REGARDING THE TAIF AGREEMENT

Mr. RIEGLE (for himself, Mr. MITCHELL, Mr. DOLE, Mr. HELMS, Mr. MOYNIHAN, Mr. BROWN, Mr. WALLOP, and Mr. LEVIN) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations;

##### S. CON. RES. 28

Whereas the governments of Syria and Lebanon have participated in the Middle East peace process and progress has been made in negotiations;

Whereas Syria continues to exert undue influence upon the government of Lebanon, maintaining between 35,000 and 40,000 soldiers in Lebanon;

Whereas in Senate Concurrent Resolution 129 and House Concurrent Resolution 339 of the 102d Congress, Congress called upon Syria to withdraw its armed forces to the gateway of the Bekaa Valley by September 1992 in accordance with the Taif Agreement of 1989, as a prelude to complete withdrawal from Lebanon;

Whereas Syria, has pledged publicly and privately to abide by the Taif Agreement;

Whereas the Taif Agreement requires that two years after specific Lebanese political conditions are reached, Syria and Lebanon are to decide on the redeployment of Syrian troops to the gateway of the Bekaa Valley, with actual redeployment occurring shortly thereafter;

Whereas Syria has not begun withdrawing its armed forces to the gateway of the Bekaa Valley despite the fact that more than two years have passed since Lebanon met the political conditions listed in the Taif Agreement;

Whereas Syria's pledge to uphold the Taif Agreement requires it to oppose any action which threatens Lebanese security, independence, or sovereignty;

Whereas there is evidence that armed groups continue to operate in Lebanon with the acquiescence of the Syrian government;

Whereas the success of the Taif Agreement depends upon the withdrawal of Syrian armed forces to the gateway of the Bekaa Valley without further delay and the disarmament of all armed militias in Lebanon;

Whereas the Government of Syria is currently prohibited by law from receiving U.S. government assistance;

Whereas in Senate Concurrent Resolution 129 and House Concurrent Resolution 339 of the 102d Congress, the Congress urged the government of Lebanon to hold elections if they can be free and fair, conducted after Syrian withdrawal and without outside interference, and witnessed by international observers;

Whereas truly free and fair elections in Lebanon are not possible in areas of foreign military control;

Whereas the Lebanese elections of September 1992 were held before the withdrawal of foreign armed forces;

Whereas international observer units were not present to monitor the Lebanese elections;

Whereas according to the State Department, there were widespread reports of electoral irregularities; and

Whereas more than half of the Lebanese people refrained from participating in or boycotted the Lebanese elections: Now, therefore, be it

*Resolved by the Senate (the House of Representatives concurring), that the Congress—*

(1) commends the governments of Syria and Lebanon for their participation in the Middle East peace process and encourages their continued cooperation in efforts to reach a broad settlement of ongoing regional conflicts and disputes;

(2) expends its support for the sovereignty, political independence, and territorial integrity of Lebanon;

(3) considers the Government of Syria in violation of the Taif Agreement because it had not decided, in coordination with the Government of Lebanon, to withdraw its armed forces to the gateway of the Bekaa Valley by September 1992, with actual withdrawal to that point following shortly thereafter;

(4) strongly urges Syria to withdraw its armed forces to the gateway of the Bekaa Valley without further delay;

(5) calls upon the governments of Syria and Lebanon to immediately agree upon a firm timetable for the complete withdrawal of Syrian armed forces, including military, paramilitary, and security services, from Lebanon;

(6) calls upon the President to consider withholding any potential future U.S. assistance to the Government of Syria, until Syria withdraws its armed forces to the gateway of the Bekaa Valley;

(7) urges the Secretary of the Treasury to consider directing the United States executive directors of all international financial institutions, such as International Monetary Fund and the International Bank for Reconstruction and Development, to vote against all potential future loans or assistance to Syria until Syria withdraws its armed forces to the gateway of the Bekaa Valley;

(8) reaffirms the continued applicability of all prohibitions, restrictions, limitations, and directives that would otherwise apply to Syria;

(9) calls upon the government of Syria to increase its cooperation with the government of Lebanon in efforts to disarm non-governmental armed groups and militias located in Lebanon, especially Hizbollah, in southern Lebanon;

(10) urges the President to consider methods of revitalizing the Taif Agreement and to encourage the negotiation of a firm, negotiated timetable for complete withdrawal of Syrian armed forces from Lebanon, in order to facilitate the restoration of Lebanon's sovereignty, political independence, and territorial integrity; and

(11) concurs with the Department of State that the results of the Lebanese elections do not reflect the full spectrum of the body politic of Lebanon.

Mr. RIEGLE. Mr. President, I rise to introduce legislation to promote Lebanon's future as an independent and democratic state. I am joined by Senators MITCHELL, DOLE, PELL, HELMS, MOYNIHAN, BROWN, WALLOP, and LEVIN in submitting this legislation.

Today, much of Lebanon is occupied by between 35,000 and 40,000 Syrian troops. Until those troops are removed, Lebanon will never be able to exert its political independence or safeguard its territorial integrity. The Taif Agreement of 1989, which forms the basis of a reunited Lebanon, was designed, in part, to begin the process of removing Syrian troops from Lebanon. According to the State Department, Syria has pledged publicly and privately to abide by the Taif Agreement.

Under Taif, 2 years after certain political conditions were met in Lebanon, Syria would decide upon the withdrawal of its armed forces to the gateway of the Bekaa Valley, a location specified in that instrument. Those conditions—ratification of a national accord document, the election of a president of the republic, the formation of a national accord government, and the confirmation of political reforms in the constitution—were met in September 1990—starting the 2-year Taif clock ticking.

More than 2 years have passed since the Taif clock has run, but the Syrian decision on withdrawal never occurred. This resolution specifically states that the Congress considers the Government of Syria in violation of Taif because it has not decided, in coordination with the Government of Lebanon, to withdraw its armed forces to the gateway of the Bekaa Valley by September 1992, with actual withdrawal to that point following shortly thereafter.

While Taif discusses only withdrawal to the gateway of the Bekaa, Lebanon's political independence and territorial integrity can only be restored when Syrian Armed Forces are completely removed from Lebanon. The resolution I introduce today calls upon the Governments of Syria and Lebanon to immediately agree upon a firm timetable for the complete withdrawal of Syrian armed forces from Lebanon.

It is true that Syria is not the only nation with armed forces in Lebanon.

Israel maintains about 1,500 troops within a small security zone abutting the Israeli border in southern Lebanon. This resolution, however, does not deal with the Israeli Armed Forces which, unlike the Syrian troops, are in a defensive position. Northern Israel is under a constant threat of terrorist attack by Hizbollah and other extremist groups in southern Lebanon. Israel, furthermore, has no territorial claim on Lebanon and has pledged to remove its small military component once security in northern Israel is ensured. Northern Israeli security would clearly be promoted by the removal of Syrian forces and the disarmament of non-governmental armed groups and militias in Lebanon. While I hope and trust that Israeli troops would be withdrawn from Lebanon when conditions permit, I believe that our focus must be on Syria which continues to dominate the Lebanese political process.

Since September 1992, the State Department has consistently urged Syria to honor its pledge to abide by Taif and to begin the withdrawal of its armed forces. I applaud Secretary of State Warren Christopher for adopting this position and encourage him to continue to press Syria to remove its troops. Nevertheless, more than 8 months have passed since Syria was to reach a decision on withdrawal of its armed forces to the gateway of the Bekaa. I believe that the time has come for Congress to express its profound displeasure at Syria's failure to comply with its pledge to uphold the terms of Taif.

Because Syria is one of several nations guilty of sponsoring international terrorism and committing human rights violations, it may not receive direct United States assistance and United States directors of international financial institutions must vote against all loans or credits for Syria. It is not likely that Syria will be removed from those lists of nations any time soon. Nevertheless, if Syria eventually becomes eligible for United States aid, I believe that the United States must consider the status of Syrian troops in Lebanon before providing assistance to or voting for loans for Syria.

Finally, I would like to express my concern about the conduct and result of elections which took place last September in Lebanon. Truly free and fair elections in Lebanon are not possible in areas of foreign military control. With more than 35,000 Syrian troops occupying Lebanon and controlling many of the levers of governmental power, Damascus was able to influence the outcome of Lebanese elections. Furthermore, international observer units were not present to monitor the elections. Indeed, according to the State Department, there were \*\*\* widespread reports of electoral irregularities, which might have been obvi-



ated had there been foreign observers. The State Department also notes in its annual report on human rights:

There were credible reports of the Syrian Government's involvement in the formation of candidacy ticket alliances, as well as widespread credible reports of irregularities in the voting and counting of ballots. The electoral rolls were themselves in many instances unreliable because of the destruction of records and the use of forged identification papers.

As a result, State concluded and the resolution I introduce today agrees that the results of the elections do not reflect the full spectrum of the body politic of Lebanon.

Mr. President, I am pleased that this country has consistently supported the restoration of Lebanese democracy. We must, nevertheless, step up our commitment to that nation's sovereignty and political independence. While I commend the participation of Syria and Lebanon in efforts to reach peace with Israel and I encourage their continued cooperation in this regard, I believe that Lebanon must not be lost in the diplomatic shuffle. By passing this resolution, the Senate makes a strong statement in favor of a free and democratic Lebanon.

#### SENATE RESOLUTION 115—SENSE OF THE SENATE RELATIVE TO FOOD ASSISTANCE TO RUSSIA

Mr. BROWN (for himself, Mr. PRESLER, Mr. DURENBERGER, Mrs. KASSEBAUM, Mr. GRASSLEY, Mr. NICKLES, and Mr. CRAIG) submitted the following resolution, which was referred to the Committee on Commerce, Science, and Technology:

##### S. RES. 115

Whereas on April 3, 1993, in Vancouver, Canada, the President of the United States and the President of the Russian Federation announced a \$1,600,000,000 aid package for Russia, including \$700,000,000 in food assistance;

Whereas the provision of food assistance announced at the Vancouver summit is a vital sign of United States support for Russia's continued movement toward democracy and transition to a market economy;

Whereas on May 3, 1993, the United States Government and the Government of Russia reached initial agreement on the \$700,000,000 in food assistance to be extended by the United States to Russia;

Whereas the agreement stipulated that while \$500,000,000 of the United States food aid package will be used for Russia to purchase United States agricultural commodities, the remaining \$200,000,000, as estimated by the Administration, will be used solely to cover the cost of transportation;

Whereas the Administration announced that 75 percent of the commodities would be shipped on United States-flag commercial vessels under United States cargo preference requirements;

Whereas United States cargo preference laws require at least 75 percent of United States food assistance shipped overseas to be shipped on United States-flag commercial vessels;

Whereas this requirement eliminates competition and encourages shippers to charge

the United States Government rates two or three hundred percent above world market shipping rates;

Whereas the current world market shipping rate is between \$25 and \$35 per metric ton;

Whereas shippers, anticipating the elimination of competition, have offered bids for shipping the grain to Russia between \$75 and \$138 per metric ton;

Whereas these bids are up to 4 times greater than comparable world rates;

Whereas the cost of the grain itself is approximately \$100 per metric ton;

Whereas the effect of the cargo preference requirements is to increase the cost of transportation so that it nearly equals or exceeds the cost of the grain itself; and

Whereas the effect of the cargo preference requirements increase the taxpayer cost of assistance to Russia; Now, therefore, be it

Resolved, That it is the sense of the Senate that—

(1) the food assistance provided by the United States Government to Russia has been supported and approved to meet the dire humanitarian needs of the Russian people;

(2) the increased cost of assistance to Russia resulting from cargo preference requirements could adversely affect the progress of democracy and market development in Russia;

(3) at a minimum, the President should not permit Federal agencies to accept bids from any carrier that are more than 50 percent above competitive world market rates; and

(4) the President should immediately exercise the temporary waiver authority of the cargo preference requirement in section 901(b)(1) of the Merchant Marine Act of 1936 and permit Federal agencies to accept only bids that are competitive on the world market, thereby eliminating price-gouging for the transportation of Russian food assistance and ensuring that the greatest possible amount of assistance is provided to Russia.

Mr. BROWN. Mr. President, U.S. cargo preference laws require at least 75 percent of U.S. food aid to be shipped on U.S.-flagged vessels. Not only has this requirement made our once proud merchant marine less competitive, but it also has made our foreign assistance programs more expensive and inefficient.

Faced with a crisis with regard to humanitarian food aid to the former Soviet Union, greedy shipowners have raised their shipment rates to unconscionable highs—almost five times the world market.

Mr. President, this is a scandal. It is totally unacceptable that the American people would be stuck with shipment rates that exceed even the value of the grain. There is no pretense that the rates they are charging are fair, or that even a half of the rates they are demanding are fair, or that even a third of the rates they are demanding are fair. This is a simple ripoff of the American taxpayer.

This resolution urges the President to waive the cargo preference requirement for Russian food aid, or at least not to accept bids that are more than 50 percent above world market rates.

I am pleased Senators DURENBERGER, KASSEBAUM, GRASSLEY, NICKLES, and

CRAIG have joined with me in this effort to stop this outrage.

#### AMENDMENTS SUBMITTED

#### CONGRESSIONAL CAMPAIGN SPENDING LIMIT AND ELECTION REFORM ACT OF 1993

##### DECONCINI AMENDMENT NO. 388

Mr. DECONCINI proposed an amendment to amendment No. 366 (in the nature of a substitute) to the bill (S. 3) entitled the "Congressional Spending Limit and Election Reform Act of 1993", as follows:

On page 8, line 18, strike "67 percent" and insert "50 percent".

On page 12, line 25, strike "\$1,200,000" and insert "\$900,000".

On page 13, line 2, strike "30 cents" and insert "21 cents".

On page 13, line 5, strike "25 cents" and insert "18 cents".

#### AUTHORITY FOR COMMITTEES TO MEET

#### SUBCOMMITTEE ON IMMIGRATION AND REFUGEE AFFAIRS

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Subcommittee on Immigration and Refugee Affairs, of the Committee on the Judiciary, be authorized to meet during the session of the Senate on Friday, May 28, 1993, at 10 a.m., to hold a hearing on "Terrorism, Asylum Issues and U.S. Immigration Policy."

The PRESIDING OFFICER. Without objection, it is so ordered.

#### ADDITIONAL STATEMENTS

##### CATHERINE M. MCCOTTRY HONORED BY CITY OF CHARLESTON

• Mr. HOLLINGS. Mr. President, it is the custom in my native Charleston for the mayor on occasion to designate a special day to honor a citizen who has made unique contributions to the community. Mayor Joe Riley formally set aside this past Sunday, May 23, as Catherine M. McCottry Day, a richly deserved tribute to a magnificent Charlestonian.

Dr. McCottry graduated from Howard Medical School in 1945, and established a practice in Charleston in 1952. In those early years, she was a pioneering black woman physician, breaking down barriers in an overwhelmingly white male profession. Dr. McCottry's extraordinary struggle culminated in her appointment in 1962 as a staff member with full rights and privileges at St. Francis Hospital. While serving at St. Francis Hospital, she also maintained

her strong commitment to McClennan-Banks, the predominantly black hospital which she had struggled to keep open for years.

Since her retirement in 1987, Dr. McCottry has remained active with the American Cancer Society and as an outspoken advocate on women's health issues.

Mr. President, for four decades, Dr. Catherine McCottry has given and given and given to the Charleston community. She has given her talents as a physician, and she has given her leadership as a community activist. But most importantly she has given us her personal example as a courageous, pathbreaking citizen deeply committed to public service.●

#### TRIBUTE TO THE 1993 OSAKIS FOURTH GRADE

● Mr. DURENBERGER. Mr. President, today, I would like to share with my colleagues the story of a group of fourth graders in Osakis, MN, who have had a very productive school year. With encouragement from parents, teachers, and community leaders, they incorporated architectural design, community pride, and recreation into a school project. It is apparent that the class of 2001 is proud of a local tradition that occurs when the surface of Lake Osakis becomes still for the winter.

When the ice thickens over Lake Osakis, hundreds of ice fishing houses dot the lake. Ice fishing offers recreation and fresh food for fishing enthusiasts, but Osakis fourth graders decided to add a new dimension to this local tradition by building 8-by-8-by-8-inch models of their own dream fishhouse. Many students made cardboard models using abstract elements; others used creative concepts like using playing cards to paint a full house, or made a pattern using the spots of a cow, or painted a fairly tale gingerbread house.

This project seemed to grow by leaps and bounds as community volunteers became involved. Brian McMahon, co-organizer and architect, shared his knowledge with art teacher, Gretchen Resley, and her fourth grade art class. As the word traveled about their school project, the Osakis Heritage Center featured the students' projects in an exhibit called "Thinking About Fishhouses." Local businesses, such as First National Bank of Osakis, Gillis Drug and General Store, and McDonalds became involved when they offered prizes to the best fishhouses. Even the Minnesota chapter of the American Institute of Architects heard about the project and invited the students to display their fishhouse concepts and models at an annual design conference in Duluth.

The curriculum for the project was supported by the Osakis Fish House

Project Committee. Members of this committee are Jerry Hanson, principal; Gretchen Resley, art teacher; Sandy Benson and Ivy Nomeland, fourth Grade teachers; Julia Hanson, gifted students teacher; Bruce Dehkes, of Bruce's Bait and Tackle Shop, and Brian McHanon, of ABC Design. This committee has also discussed an idea to build an actual fishhouse, featuring room for five or six students inside the house, and featuring slides, swings, and snowball targets outside the house. During the warm seasons in Minnesota, such a fishhouse could be used on a local playground.

Congratulations and best wishes to the class of 2001. I wish them best of luck whenever the young anglers drill away the ice and drop in their line. And a special recognition belongs to these fine teachers, business people, and community leaders, who have found a way to unlock the boundless creativity and energy in these young people. May their success be an encouragement to parents and educators across the country.●

#### TRIBUTE TO TED VALLIERE

● Mr. SASSER. Mr. President, I rise today to pay tribute to Ted Valliere, the former director of governmental relations at the National Association of Postmasters, who passed away on Tuesday after a fight with cancer. Ted was well known and respected by many in this body, and his friendship and counsel will be sorely missed.

Over the course of 40 years of service at the post office and as a representative of postal concerns, Ted has spent much of his life improving working conditions for others while developing a reputation for fairness and loyalty for himself. Those of us who came to know Ted valued his opinions and came to rely on him for his political and professional judgment.

Ted was also a proud family man who spoke often of his wife, Anne, and his large family of children and grandchildren.

Ted's leadership in the postal field set a high standard for his peers and for those who would follow in his footsteps. Rising from his position as a postal clerk and local union official in Canton, OH, Ted moved to Washington in the early 1970's to head a division of the American Postal Workers Union. Ted went on to teach at the Postal Service Management Academy and serve as an editor and legislative representative at the National Association of Postal Supervisors before beginning his work with the postmasters.

Every now and then, we come across extraordinary individuals who are not only leaders in their chosen fields of endeavor but also in their everyday lives. Ted was just such an individual, and his memory will live on for years to come.

My deepest sympathies go out to his wife and family.●

#### TRIBUTE TO RAYMOND DEXTER THOMAS, SR.

● Mr. MCCONNELL. Mr. President, today I rise to honor a distinguished American citizen, Mr. Raymond Dexter Thomas, Sr., of Ewing, VA. On June 2, 1993, Mr. Thomas will celebrate the anniversary of his 51st year of employment with the Middlesboro, KY, branch of the H.T. Hackney Co. of Knoxville, TN.

Mr. Thomas was born on January 31, 1923, in Baxter, KY, and was the second eldest of 13 children born to Jim Seal and Vola Brooks Thomas. Mr. Thomas began his long and distinguished career with the H.T. Hackney Co. on June 2, 1942. His career was briefly interrupted on January 28, 1943, when he was inducted into the U.S. Army. Mr. Thomas served in England, France, and Germany with the 479th Ordnance Evacuation Company during World War II. After receiving this honorable discharge from the Army on January 4, 1946, Mr. Thomas resumed his employment with the H.T. Hackney Co. soon after his return from Europe.

On December 5, 1950, Mr. Thomas married the former Wandaleen Fern Payne. They have three children: Karen Thomas Peevely of Rogersville, TN; Kathy Thomas Cheek of Lexington, KY; and Raymond Dexter Thomas II, of Arlington, VA. Mr. and Mrs. Thomas are also the proud grandparents of Thomas Seth and Meghan Lyn-Elizabeth Peevely, and James Michael Cheek.

I congratulate Mr. Thomas on his life-long achievements and salute his contributions to society as a valued citizen of these United States of America.●

#### COY JOHNSTON: AWARD-WINNING SOUTH CAROLINA CONSERVATIONIST

● Mr. HOLLINGS. Mr. President, each year the Chevron Corp. recognizes Americans who have made an outstanding sustained contribution to the cause of environmental protection in our country. One of the 1993 recipients of the prestigious Chevron Conservation Award is Coy Johnston of Summerville, SC. He was presented the award earlier this month for his superb work and leadership in establishing South Carolina's ACE Basin National Estuarine Reserve, protecting in perpetuity one of our Nation's premier wetlands and estuarine sanctuaries.

Mr. Johnston, a top official with Ducks Unlimited and the Wetlands America Trust, was a tireless catalyst in persuading diverse groups to work together in protecting the ACE Basin. He worked long and hard negotiating conservation easements and acquiring



thousands of acres of wetlands from willing landowners so as to rescue the ACE Basin habitat from development. I worked closely with Coy in realizing the dream of a protected ACE Basin, and I can testify it wouldn't have happened without this extraordinary dedication and commitment.

Mr. President, I salute Coy Johnston and congratulate him for being honored with the Chevron Conservation Award. It is a high tribute to a man who has made a very real difference in preserving South Carolina's natural heritage. ●

#### TRIBUTE TO VANCEBURG

● Mr. McCONNELL. Mr. President, I rise today to pay tribute to the town of Vanceburg in Lewis County.

Vanceburg is a small town nestled in the Ohio River Valley, bordering the Cumberland plateau of the Appalachian Mountains in the northeastern part of the State.

Located on the lawn of the Lewis County Courthouse is the only Civil War monument south of the Mason-Dixon line that celebrates the Union and condemns the Confederacy. The inscription on the monument reads, "The war for the Union was right, everlastingly right. And the war against the Union was wrong, forever wrong."

In spite of a few disappointments in the area of economic development, Vanceburg residents remain optimistic about the future. Several local officials have hinted about new industries that may be interested in moving to Lewis County. Construction of a major highway that would connect Vanceburg with other northern Kentucky sites has resumed. This means a good chance for new growth in Vanceburg and Lewis County.

I applaud Vanceburg's citizens for their optimism and determination, as well as their efforts to bring new industry and jobs to the community.

Mr. President, I ask that this tribute and a recent article from Louisville's Courier-Journal be submitted in today's RECORD.

The material follows:

#### VANCEBURG

(By John Voskuhl)

It was just about 40 years after the War Between the States that the unthinkable happened in Vanceburg.

Here's how one historical account described it:

"... A prominent lady, passing a Fourth of July celebration, shrieked, 'Hurrah for Jeff Davis!' and narrowly escaped being mobbed by the other ladies in the audience."

Cooler heads prevailed, as is the wont among Vanceburg's cooler heads. There was no ugly mob scene among the town's proper, prominent women.

But what made the incident unthinkable was the mere suggestion that Jefferson Davis—or any of his Confederate confederates—could elicit a hurrah from a Vanceburg resident.

Consider the Civil War monument that stands on the lawn of the Lewis County Courthouse. According to the accompanying historical marker, it is the only Civil War monument south of the Mason-Dixon line that celebrates the Union and condemns the Confederacy.

"The war for the union was right, everlastingly right," says an inscription on the monument. "And the war against the union was wrong, forever wrong."

That says a lot about the little town on the bank of the Ohio River. It's a place where people make their choices and stick to them. Today, more than a century after the Civil War, the party of Abraham Lincoln dominates Lewis County politics. And traditional values dominate county philosophies.

Take Jack Osman, owner and proprietor of Osman's Pharmacy since the early 1960s.

"I've been away from here 11 days in 31 years—that's not bad," Osman said. "People say, 'Why don't you take a day or two off?' I say, 'A day or two off would just spoil you.'"

He hardly ever takes a night off, either. "Hardly a day goes by that I don't get a call late at night," he said. Osman said he's filled more late-night prescriptions for anxious parents than he can remember.

In Osman's drugstore, there's a small serving area where folks gather each weekday morning to solve the problems of the world over a cup of coffee. One problem they don't have: A cup of coffee with breakfast costs a dime.

"If you don't have anything to eat, we have to charge a quarter," Osman said.

Back in the 1960s, the pharmacy had a pinball machine and a jukebox and some of those high-backed booths that afforded privacy for Osman's teen-age clientele. But the pinball machine and jukebox made it hard to concentrate on prescriptions, Osman said, so he got rid of them.

And the booths were lost when the pharmacy moved to its current location in 1968. Things changed.

"We still have a lot of teen-agers," Osman said. "But we're not really a loafing place."

Some folks bemoan a perceived dearth of loafing places in Vanceburg.

"Really, you've got to jump in your car if you want to do much socializing," said Lewis County Attorney Clayton Lykins. "There's no real place for just loafing."

Of course, loafing is not necessarily among the chief public ambitions in any town. Therefore, a county attorney could be excused for not knowing about his town's loafing spots. For example, there's Hickie's Pool Lunch, which has operated downtown since 1945. On a recent weekday afternoon, none of the customers admitted to loafing, but by the same token, few of them were moving around much.

Proprietor Eugene "Snook" Hickie said some Vanceburg residents take a dim view of his establishment because it serves beer.

"I can tell you this—this town is dead," he said.

To a degree, such dim views are justified. Unemployment in Lewis County stood at 15.6 percent in February, the last month for which figures were available. Moreover, the county's attempts at economic development—though filled with glorious promise for the future—are stalled.

In 1990, local officials learned that Lewis County was in the running for a paper mill that would employ 400 people. Mead Corp., the paper company, began trying to buy up land. But by 1991, the company announced that it was putting its expansion plans on hold until late in the decade.

More recently, the county lost another employer, Sany Metals.

On the positive side, several local officials have hinted about new industries that may be interested in moving to Lewis County—though no formal announcements have been made.

Part of the attraction of the area is the AA Highway. The AA Highway, which was conceived as a way to tie together Northern Kentucky's counties, was so named because it was supposed to reach from Alexandria in Campbell County to Ashland in Boyd County.

But the best-laid plans of mice and men oft go awry, and the best-laid plans of the state Highway Department oft make the mice look like experts. The AA Highway never made it to Ashland. It petered out in Lewis County, a few miles east of Vanceburg.

Vanceburg had no really good roads before the new highway, so it had always lagged behind places like Maysville in commercial development. While the Maysvilles of the world wound up with roads and bridges and the like, Vanceburg did without.

"The pork barrel projects, traditionally, are built in counties that are Democratic," Lykins noted.

The new AA Highway only compounded the problem, making it easier for folks to go west to Maysville for their shopping. In a sense, Vanceburg became the town at the end of the road, waiting for connections to other major highways.

Work has already begun on two spurs for the AA Highway. The first will connect it to U.S. 23 in Greenup County; the second to I-64 in Carter County. Local officials are hoping that both will mean new growth for the community.

"I look to have a tremendous amount of truck traffic on our roads," said Mayor Bill Tom Cooper.

Of course, good roads also produce a kind of motorized culture that's always going somewhere else. And Vanceburg is already seeing some of that because of the AA Highway, said Lykins, the county attorney.

Folks depend on local merchants less—and begin to depend on each other less, he said.

"It seems like the town is becoming smaller, but less of a small town," he said.

Cooper echoed that sentiment.

"I've seen a lot of changes, but I'm not really sure they're good changes in our community," he said.

Gone are the movie theater and the Greyhound bus station. Gone are several clothing stores and restaurants. Those businesses that remain are looking at hard times.

"Business is extremely slow at this time," said Cooper, a local developer. "Business people are really having to watch their P's and Q's."

Lots of people depend on public-assistance checks, said Osman, the pharmacist. But to merchants, that's OK, he said.

"They're the ones that spend money," he said. "The ones who make money are socking it away and saving it."

The savings accounts of Vanceburg should be fat and sassy if the city's own books are any indication. The town has a surplus of \$800,000 invested in certificates of deposit, Cooper said.

"We probably are one of the richest little towns in the state," he said.

And it seems that there's more coming in every day: a \$500,000 block grant to tear down old houses and put families into new houses; a \$1 million housing grant to build three-, four- and five-bedroom apartments for low-income families; an \$83,000 state

grant for building a new day-care facility with \$72,000 more to pay operating costs.

"I haven't failed to go to Frankfort" to ask for money, Cooper said.

Perhaps he was inspired by Helen Rayburn, who might accurately be called the mother of the Lewis County Public Library. Since the 1950s, with constant pleas for help from local "friends of the library," Rayburn has helped build and maintain a library that's grown to occupy two floors of a large downtown building.

"We started with a bookmobile and 800 books," she said.

The entire community has watched it grow—just as they're ready to watch the rest of Lewis County blossom. For Osman, it's that sort of anticipation that makes life in Vanceburg special. He recalled that a friend always said he wanted to live in towns that were behind the times and then grow up with them. That's possible in Vanceburg, he said.

"It's about 50 years behind the times," he said. "You can grow with the area over the years. If you go to a larger town, it's already reached a plateau."

Population (1990): Vanceburg, 1,713; Lewis County, 13,029.

Per capita income (1990): Lewis County, \$10,513, or \$4,452 below the state average.

Jobs: Manufacturing, 1,135; state/local government, 458; wholesale/retail trade, 254; services, 187.

Big employers: U.S. Shoes Corp., 850 employees; Vanceburg Health Care Inc., 80; Citizens Deposit Bank, 50; First National Bank, 50; Stolle Manufacturing, 42.

Education: Lewis County Schools, 2,680 students.

Media: Newspaper—Lewis County Herald, weekly. Radio—WKKS-AM (country) and WKKS-FM (country).

Transportation: Air—Fleming-Mason Airport in Mason County, about 25 miles. Nearest commercial service is Tri-State Airport, Huntington, W.Va., about 60 miles. Rail—CSX Corp. Roads—Vanceburg is served by the AA Highway and by state routes 8, 10 and 59.

Topography: Vanceburg is nestled in the Ohio River valley, which quickly gives way to the foothills of the Cumberland plateau of the Appalachian Mountains.

#### FAMOUS FACTS AND FIGURES

Three communities have served as the seat of Lewis County. The first was Popular Flat, where a courthouse was built in 1806. In 1810, a second courthouse was built at Clarksburg. In December 1863, Vanceburg was finally approved as the county seat.

The land on which Vanceburg was built was purchased from Alexander K. Marshall, the brother of John Marshall, the chief justice of the United States, in 1797.

Esculapia Springs, a resort that drew visitors from Cincinnati, was one of the hottest spots in Lewis County—and probably in Kentucky—in the 19th century. It was destroyed by fire in 1860.

Lewis County is home to one of Kentucky's 13 remaining covered bridges, the Cabin Creek Bridge, which was built in 1873.

Visitors to Lewis County may be torn between visiting Bruce or Upper Bruce. Then there's the pastoral-sounding Cottageville, or the unpastoral-sounding Firebrick. Other great names for Lewis County communities include Tannery, Kinniconick and Wishbone.

ference on S. 1 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1) to amend the Public Health Service Act to revise and extend the programs of the National Institutes of Health, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of May 20, 1993.)

Mr. KENNEDY. Mr. President, it is a privilege to bring before the Senate the conference report on S. 1, the National Institutes of Health Reauthorization Act. This measure passed the Senate by a vote of 93 to 4 earlier this year, and it deserves equally strong support now.

This legislation reaffirms our strong support for biomedical research in the years ahead. It is designed to ensure America's preeminent role in this vital research as we move toward the 21st century.

In the past half century, the NIH has supported the work of over half a million scientists including 81 Nobel Prize winners. Scientific and medical breakthroughs supported by the NIH have lengthened the lives and improved the health of millions of Americans. We must do all we can to build on that outstanding record for the future.

Support for the NIH by the American people, Congress, and the administration is overwhelming. This legislation offers hope for every member of our society—for women concerned about breast cancer, osteoporosis, heart disease, lupus, and multiple sclerosis; for children suffering from juvenile arthritis, congenital heart defects, asthma, and cystic fibrosis; for men concerned about prostate cancer; and for millions of Americans suffering from chronic illnesses like AIDS, Alzheimer's disease, Parkinson's disease, chronic fatigue syndrome, and diabetes.

This bill will strengthen and expand research efforts at the National Cancer Institute, the National Heart, Lung, and Blood Institute, the National Institute on Aging, the National Library of Medicine, and at the other institutes and centers at the NIH.

It makes major progress toward ending the Nation's long and shameful neglect of women's health. The bill will end the shocking lack of women in clinical trials. It will dramatically increase the resources for research on diseases of greatest concern to women—an additional \$325 million will be available for breast cancer, an addi-

tional \$75 million for ovarian, cervical, and reproductive cancer, and an additional \$40 million for osteoporosis research.

The bill will require the NIH to develop and implement a comprehensive plan for the prevention, early detection, and treatment of breast cancer. And it will provide a statutory basis for the Office of Women's Health, to assure that all health issues concerning women receive the attention they deserve at the highest levels of the NIH. American women need this legislation, and they deserve it to become law now.

A key feature of this bill is that it will at last allow research on fetal tissue transplantation to proceed. Such research offers real hope to sufferers from Parkinson's disease, Alzheimer's disease, diabetes, spinal cord injuries, and other serious illnesses.

It was the controversy over fetal tissue transplantation research that prevented this legislation from being enacted last year. Congress struggled to do the right thing in the face of intense Presidential opposition. Now, with President Clinton's help and support, this important research can provide, free of the ideological roadblocks that have no place in biomedical research.

The two diseases that kill the most Americans are still cancer and heart disease. It is not surprising, therefore, that the National Cancer Institute and the National Heart, Lung, and Blood Institute, are the largest of the Institutes of the NIH. The initiatives funded by this legislation will keep these at the cutting edge of scientific discovery and bring new progress against these diseases.

We have already witnessed many promising advances in diagnosis and treatment of cancers that have the potential to improve longevity and the quality of life. Under this legislation, we intend the National Cancer Institute to place new emphasis on applied research and demonstration projects that will yield new information and technology in cancer prevention and control, so that advances in the laboratory can be rapidly implemented nationwide by the Centers for Disease Control and Prevention.

This legislation also reauthorizes and revitalizes the Office of AIDS Research at the NIH, and will ensure that it has the leadership and the tools to get the job done. To wage an effective battle against AIDS, it is time to put a structure in place for long range strategic planning, coordination, and evaluation. A research effort of this importance and magnitude requires these steps, so that we can coordinate the efforts of all the institutes at NIH and achieve a more coherent national AIDS research program.

In addition, this legislation establishes an AIDS discretionary fund, so that the Office of AIDS Research can move quickly to take advantage of new

#### NATIONAL INSTITUTES OF HEALTH REVITALIZATION ACT OF 1993—CONFERENCE REPORT

Mr. MITCHELL. Mr. President, I submit a report of the committee of con-



opportunities. These funds will enable the Office to respond to the expanding knowledge base, or take immediate advantage of a sudden breakthrough. It will ensure that possibilities for progress are not bogged down in bureaucracy, but are sized in an expeditious and responsible manner.

Research efforts supported by the National Heart, Lung, and Blood Institute have significantly reduced the death and disability associated with heart disease—the number one killer in the United States. Funding for the National Heart, Lung, and Blood Institute has increased at less than half the overall rate for the NIH during the past decade. The Institute estimates that it will be able to fund 3,319 grants in fiscal year 1993, 103 fewer than in fiscal year 1992. This bill authorizes a 25-percent increase over fiscal year 1993 appropriations so that the Institute can fully fund and actually increase the number of new and competing grants.

Other provisions in the bill will do the following:

A nutritional disorders and obesity research program will be established at the National Institute on Diabetes and Digestive and Kidney Disease.

Juvenile arthritis research will be strengthened at the National Institute on Arthritis and Musculoskeletal and Skin Disease.

The National Institute on Aging will continue its Alzheimer's Disease Registry to track this chronic debilitating disease; the Institute will also expand its research on the aging process in women.

The National Institute of Allergy and Infectious Disease will expand its research on tropical diseases and on chronic fatigue syndrome.

The National Institute of Child Health and Human Development will establish an intramural program in gynecology and obstetrics, and expedite the transfer of basic research to the bedside through the establishment of child health research centers.

The National Eye Institute will develop a research program to prevent blindness in diabetics.

The National Library of Medicine, the world's best medical library, will expand its high performance computer network, so that up-to-date scientific information on diagnosis and treatment can be readily available to the offices of individual physicians throughout the country. Even the most isolated health care providers will have opportunities for access to the latest medical information and for consultations with experts around the country.

Another important provision in the conference report directs the Secretary to conduct a study of the relationship between illegal and legal drugs. I look forward to the Secretary's review of the most current information on the extent to which tobacco and alcohol use by adolescents serve as a gateway

to illicit drug use. The study should also examine the comparative health effects of legal and illegal drugs.

Finally, on a separate issue, the bill codifies the Bush administration's practice of including HIV infection on the list of communicable diseases of public health significance for immigration purposes. That provision is unwise and many of us opposed it, because it takes an important public health decision out of the hands of the Public Health Service. Rather than doing anything to protect the public health, this provision simply panders to prejudice.

However, under this compromise, the Attorney General will continue to have authority under the immigration laws to determine which immigrants, refugees, and other visitors with HIV disease and AIDS will be permitted to enter the United States. I am confident that Attorney General Reno will use this waiver authority with thoughtfulness and compassion, but it would be far preferable for the Department of Health and Human Services to retain the authority to remove HIV from the list altogether.

Overall, this is an excellent bill and both the Senate and the House can be proud of their achievement. The NIH has been and continues to be the Nation's wisest health research investment. It is combating the diseases of today and training the scientists of tomorrow. With the passage of this measure, we are recognizing the vital importance of biomedical research to the Nation's future. I urge the Senate to approve this essential legislation and send it to President Clinton for his signature.

Mr. BYRD. Mr. President, I rise to express my disappointment over provisions included in the conference agreement on S. 1, the National Institutes of Health Revitalization Act of 1993. These provisions were not in the Senate-passed bill. Specifically, I refer to title IV, section 417B(D)(1), which states that of the moneys appropriated to the National Cancer Institute, not less than 7 percent in fiscal year 1994, and not less than 9 percent in fiscal year 1995 and not less than 10 percent in fiscal year 1996 shall be used for cancer control activities. A similar floor is established in title XV, subtitle C, which states that not less than 5 percent of the amounts appropriated for the Center for Human Genome shall be used for review and funding of proposals to address the ethical and legal issues associated with the genome project. These provisions infringe on the jurisdiction of the Appropriations Committees.

I will continue my strong support for NIH. As majority leader, as minority leader, and as chairman of the Senate Appropriations Committee I have time and again fought to protect funding for NIH, and I will continue my efforts.

However, when set asides and floors are established in the authorizing leg-

islation, it seriously ties the hands of the Appropriations Committees, especially in these very tough budgetary times.

I do not plan to oppose the conference agreement in this instance. However, as chairman of the Appropriations Committee, I would be remiss if I did not make my position clear.

Mrs. KASSEBAUM. Mr. President, I speak today in support of the conference report on S. 1, the National Institutes of Health [NIH] Revitalization Act of 1993. This report represents a reasonable compromise on the differences between the Senate and House bills. I will vote for its passage, and I urge my colleagues to do the same.

The NIH is the centerpiece of the emerging American biomedical research enterprise. We look to the NIH to solve medical mysteries and find cures for debilitating and often deadly illnesses. Recently, NIH-sponsored research discovered the gene which is thought to cause cancer of the colon. This discovery could eventually lead to the end of this illness. Just as the NIH is attacking colon cancer, it may one day discover the cause of breast cancer, an illness which strikes one out of every nine women. In addition, NIH-sponsored research could result in a vaccine against the deadly HIV virus, which infects many of our Nation's women, children, and men.

As the Senator from Massachusetts has already outlined, the NIH conference report contains many good provisions. It reauthorizes the two largest Institutes, the National Cancer Institute and the National Heart, Lung, and Blood Institute. I am particularly pleased that it contains the women's health research initiative, which Senator MIKULSKI and others, including me, worked to have included. Furthermore, research authorized by the bill will lead to improvements in the health of our Nation's children.

Mr. President, I am pleased the NIH conference report permanently codifies the ban on the immigration of HIV-infected individuals. In February, the Senate voted to support an amendment to the NIH bill which would prohibit the immigration of HIV-infected individuals. This amendment was offered by Senator NICKLES and passed the Senate by a vote of 76 to 23. While the House bill did not include a similar provision, its conferees were instructed to support the Nickles amendment. The conference report before us today permanently codifies an HIV immigration ban in a manner similar to the Nickles amendment. I continue to support such a ban because of my concern about the potential financial costs such immigrants pose to an already beleaguered American health care system.

The conference report meets the primary objective of the Nickles amendment—it codifies the HIV immigration

ban. Furthermore, the report language assures that two secondary objectives of the Nickles amendment are met, even though these measures are not codified. First, the Nickles amendment would have required that the current practice of testing all immigrants for HIV remain in place. Second, it would have codified the current Department of Justice practice which allows a 30-day visitation waiver for HIV-infected individuals to enter the country for medical treatment, conferences, or business. Report language clearly expresses the intent of the conferees that these current administrative practices remain in place. As such, I urge the attorney general to follow the intent of the conferees in this matter.

Regrettably, I was unable to sign the conference report as a manager on the part of the Senate. The final HIV immigration provision was completed less than 24 hours before the report was formally submitted. At the time the conference report was submitted, I was consulting with my colleagues on the sensitive HIV immigration issue. Such deliberation often takes time. Unfortunately—due to artificial time constraints imposed by the House schedule—the report was filed shortly before I concluded my consultations. In the future, I urge my colleagues to allow sufficient time for deliberation and consultation on such important issues.

Mr. President, this report contains many provisions which will lead to improvements in women's health. The limited attention NIH has traditionally paid to women's health is well known. To help remedy this situation, the report contains provisions which require the inclusion of women in all appropriate clinical trials. This report also authorizes the NIH Office on Women's Health Research, which currently is coordinating and seeding women's health research efforts throughout the Institutes. Finally, this bill authorizes much needed research on women's diseases such as breast cancer, osteoporosis, uterine fibroids, and contraception.

I am pleased the report also includes an immunization research initiative. The costly and complicated vaccine regimen, which requires multiple shots on multiple visits, acts as a barrier to adequate immunizations. Research authorized by this report should lead to cheaper and more easily administered multicomponent vaccines. Coupled with the immunization legislation Senator KENNEDY and I recently crafted to improve the delivery infrastructure, this initiative should lead to improvements in childhood immunizations—and thus, prevent deadly childhood diseases.

The conference report increases the authorization for the National Cancer Institute above the \$2.2 billion found in the Senate bill. Together with funding devoted to breast, reproductive tract,

and prostate cancer research, cancer research authorized for the NIH will equal the National Cancer Institute budget request of \$3.2 billion. This total represents a reasonable compromise between the House and the Senate, and should result in new cancer prevention and treatment developments.

Mr. President, the conference report includes a House provision which establishes an Office of Behavioral Research at NIH. I remain skeptical of the need for this office, which is to coordinate the NIH-wide behavioral research effort. However, I am pleased the conferees accepted my recommendations to limit the staffing of the Office and prohibit it from conducting research directly. While these disease-specific offices may appear to offer enhanced research potential, they often utilize valuable financial resources which would be better applied to direct research.

As the Members of this body know, both the Senate and the House NIH bills included provisions designed to improve NIH AIDS research. The AIDS research provisions included in the conference report are a compromise between the similar House and the Senate measures. It is my hope these provisions will lead to promising developments in HIV prevention and treatment. Like the Senate version, the conference report includes my recommendations to protect ongoing HIV research and limit the Office of AIDS Research bureaucracy.

In conclusion, reauthorizing research at the National Institutes of Health is an important investment for the American people. The NIH conference report reflects 2 years of careful deliberations by this body. For their involvement in the development and passage of this legislation, I commend Senator KENNEDY, Senator HATCH, and Representative WAXMAN. In addition, I wish to thank my fellow conferees for their efforts on the conference report. This bipartisan bill will lead to improved health for all Americans, and I urge my colleagues to support its adoption.

Mr. HATFIELD. I rise today in support of the conference report to accompany the NIH Revitalization Act of 1993. Included in this report is legislation I introduced earlier in the 103d Congress to establish a National Center for Sleep Disorders Research within the National Heart, Lung and Blood Institute of the National Institutes of Health. By creating a National Center for Sleep Disorders Research, we are taking an important step toward solving the multifaceted problems associated with sleep disorders.

Since the Senate last considered this legislation, several additional tragic accidents have occurred in the United States related to sleep deprivation. Unfortunately, one of these recently oc-

curred in my own State of Oregon, involving a family from Walla Walla, WA. Four members of the Manuel family were killed on Easter Sunday of this year when the driver of a pickup apparently fell asleep at the wheel and plowed into the family's minivan as the Manuel's returned from a weekend visit to the Oregon coast. Since the accident, the Oregon Department of State Police has communicated that sleeping drivers pose a considerable problem to public safety from a law enforcement perspective. Aggressive education about sleep deprivation and disorders is a critical factor in reducing this problem.

The establishment of a National Center for Sleep Disorders Research will have a tremendous effect on the millions of Americans who suffer the devastating effects of sleep disorders. The National Commission on Sleep Disorders Research, established by Congress in 1988, found that sleep disorders exact a tremendous toll on our Nation's population—nearly 40 million Americans are chronically ill with a sleep disorder and an additional 20 to 30 million experience intermittent sleep related problems. In addition to the tremendous personal pain and suffering they inflict, sleep disorders are a tremendous drain on the productivity and safety of our country: falling asleep at the wheel is one of the most costly and devastating problems on American highways; accidents in the workplace due to sleep deprivation are commonplace and damaging to industry; the annual direct cost to society is over \$15 billion.

But just as damaging is society's complete lack of awareness of sleep disorders and their consequences. In addition to finding no component of society adequately aware of sleep disorders and the facts of sleep deprivation, the National Commission found serious gaps in medical research and alarmingly few young investigators in the pipeline. It seems highly probable that this reservoir of ignorance is a major reason why 95 percent of all individuals afflicted with a sleep disorder remain undiagnosed.

The National Center for Sleep Disorders Research will address these problems by complementing the sleep-related research currently undertaken by the various NIH institutes and by encouraging and supporting appropriate and supplemental and cross-cutting research. In addition, it will develop research programs and training initiatives in the field, provide a mandate for the health care community and will strive to educate the general public about sleep and sleep disorders through a nationwide information campaign.

Mr. President, I would like to take this opportunity to thank Dr. William Dement, Chairman of the National Commission on Sleep Disorders Re-



search, and Dr. James Walsh of the American Sleep Disorders Association for their diligent and untiring leadership as advocates for sleep disorders research. They have served their profession with distinction. Furthermore, I wish to commend my colleagues, Senators KENNEDY, SIMON, and CHAFEE for their cosponsorship of S. 104, my free-standing legislation establishing the National Center and support on this issue. I look forward to working with them and my colleagues in the Senate Appropriations Committee to ensure that there is adequate funding for sleep disease research at the National Institutes of Health.

Another important proposal that is included in this report is legislation authorizing the establishment of two infertility and three contraceptive research centers. I have worked for a number of years to promote the establishment of these research centers because I am concerned about the lack of research taking place in these areas. In fact, today only one pharmaceutical company is conducting research on contraceptives.

In an age where the abortion debate has become so divisive, I believe it behooves us to put our efforts into contraceptive research and to attack the problem of unwanted pregnancies by providing reliable birth control methods. Certainly, this is not the key to ending the need for abortion, but I firmly believe it is a step in the right direction.

Through the appropriations process, we have appropriated the funding necessary to get the five centers up and running, and I am pleased that now that these centers will be authorized we will be able to appropriate sufficient funding to assure these important research efforts can continue.

I urge the adoption of this conference report.

Mr. DURENBERGER. Mr. President, it has been a long time coming, but I am pleased today that the Congress is finally passing S. 1 to reauthorize the National Institutes of Health.

I have stated many times in this Chamber how much respect I have for the National Institutes of Health. NIH is a national treasure. The work of its scientists and the research that it supports in universities form the cornerstone of our contributions to the reduction of suffering and disease in America and throughout the world.

And as I have expressed before, I have enormous respect for the Director of NIH, Dr. Bernadine Healy. She has exhibited impressive leadership in biomedical research, and served in her position with distinction. Although I am pleased to finally see the NIH reauthorization bill approved, I regret that Dr. Healy will not be able to execute the programs she has long fought to create.

I am also pleased that the bill contains provisions for a new study on the

status of basic biomedical engineering research. I requested that such a study be included in the bill because of the fundamental importance of biomedical engineering in our basic science arsenal.

Biomedical engineering uses principles of science and engineering to solve problems in biology and medicine. It is a relatively new field and one that is highly innovative and rapidly growing.

While we have a strong tradition of Government support for basic medical science research, bioengineering has not enjoyed comparable support. An NIH-sponsored study is necessary to determine the status of bioengineering research, levels of funding and support, and offer proposals to Congress for improving the present funding policies. The reauthorization of the NIH provides an opportunity to ask NIH to conduct this vital study.

In addition, I welcome many of the other provisions in this important piece of legislation. I have been a strong supporter of AIDS research and enhancing our commitment to find a cure for this dread disease. I believe it is important that we coordinate all our efforts in this area, so that the research can proceed efficiently and with dispatch. This bill includes some expansion of authority to address the issue.

This bill also expands our commitment to research on women's health.

All the issues this reauthorization address are vital to the health of our country. Solid medical research is one of our Nation's most revered achievements. We need to keep it that way. Mr. President, I am pleased that this bill will finally give the NIH the authority it needs to carry out its mission.

Mr. HATCH. Mr. President, when S. 1 was before the Senate in February, I noted both its significance and its importance: significance because the NIH is the core of the world's medical research infrastructure, and importance because this authorization moves forward major research programs addressing critical medical challenges facing the United States today.

Mr. President, I supported the National Institutes of Health reauthorization. It was—and is—a significant piece of legislation, and I looked forward to continuing my enthusiastic support when the conference report was returned to the Senate. Unfortunately, a single, tragic addition to what was otherwise an excellent bill caused me to seriously question my support of S. 1.

Let me be clear. Overall, I believe that the conferees have done an exceptional job in crafting a very difficult piece of legislation, and I want to recognize Senator KENNEDY, Senator KASSEBAUM, the other conferees, and their staffs, for their very fine work.

The notable exception to which I refer is the codification of President

Clinton's action to reverse the moratorium on the use of fetal tissue from induced abortions. The area of fetal tissue transplantation into human recipients has stimulated a long and difficult ethical debate. It has impeded valuable research from going forward.

Regardless of whether a Senator is pro-life or pro-choice—and this Senator is strongly pro-life—the approach we adopted last year of creating fetal tissue banks had the potential of supplying the tissue needed for ongoing research purposes without using tissue obtained from a source which is ethically troublesome to many Americans. I am terribly disappointed that the fetal tissue banks were not allowed to continue as envisioned by the previous administration, and I am deeply troubled about the course President Clinton is now charting.

If this were the only provision contained in the NIH reauthorization, I would vote against this conference report.

However, I have concluded that, as grievous as the lifting of the fetal tissue ban is, this one issue cannot any longer be allowed to stand in the way of the host of other worthwhile programs and initiatives within the NIH reauthorization. These efforts are critically important in addressing a variety of health issues in the United States.

An important example in S. 1 is the provision authorizing research into breast cancer. Recent studies indicate that over 45,000 women will die from breast and cervical cancer this year. Overall, one woman in nine will suffer from breast cancer alone during her lifetime. Mr. President, medical research at the NIH is essential to addressing this critical problem.

Among the many authorizations contained in this bill are funds for continuing breast cancer research, as well as authorizations for new and ongoing studies specifically focused on bringing equity to women's health issues. Obviously, these are research areas of critical importance that both need and deserve our support.

Another of the very important elements in this bill is the elevation of the AIDS research activities at NIH. Senator KENNEDY and I authored the Senate language on this provision. The conference agreement will establish an office of AIDS research which will coordinate intra-agency AIDS research activities and develop a comprehensive research plan. Of note is a new emergency discretionary fund that will allow the Office of AIDS Research Director to fund priority initiatives.

There are many other examples of important program reauthorizations in this conference report, among them:

Codifying important work of the Office of Research on Minority Health;

Providing important safeguards in the conduct of biomedical research through the establishment of the Office of Research Integrity;

Establishing in law the Office of Alternative Medicine which will facilitate the evaluation of alternative medical treatment modalities. This is an excellent idea. More and more Americans are successfully using alternative medicine. I hope that the Congress can also adopt the provision in my bill, S. 784, the Dietary Supplement Health and Education Act of 1993, which will establish a new Office of Dietary Supplements at NIH. This office will further develop a research bank linking the role of diet and nutrition to good health.

Conducting a study to determine the average amount of expenditures during the last 6 months of life. I suggested this provision because I believe the information gained will be extremely valuable in our deliberations on health care reform.

Designates the Senior Biomedical Research Service in honor of our late colleague and our good friend, Silvio Conte from Massachusetts. I do regret that we had to adopt language capping participation in the program at 500 persons.

Authorizing \$72 million for both ongoing and additional, new research into prostate cancer;

Providing \$2.7 billion to further the important work at the National Cancer Institute; and

Authorizing \$325 million for breast cancer research, with \$225 million allocated for basic research, and \$100 million for clinical research.

Mr. President, I do not support the bill's provision on fetal tissue. If I thought we could remove it without jeopardizing the many other research initiatives in the bill, I would be among the first to advocate that we do so. But, in my opinion, we cannot. When President Clinton issued his Executive order, we have lost that particular battle. But, I am prepared to move forward with this bill because I do not also want to lose the battle against cancer, AIDS, heart disease, blindness, and other afflictions that medical science and the NIH can help us to cure and to prevent. For these reasons, I will support the conference report on the NIH reauthorization bill.

Mr. COATS. Mr. President, earlier this year, when the full Senate considered the NIH reauthorization bill, I rose to express not only my appreciation and enormous respect for the National Institutes of Health but also to express my desire that we would try to keep politics out of this process. The National Institutes of Health is recognized internationally, for its work in the area of various cancers, heart disease, Alzheimer's, Parkinson's, and a variety of rare and very deadly diseases.

My colleagues are fully aware of my strong convictions—especially my concern that medical science not move ahead of ethical and moral consider-

ations in research. I supported the bill before the Senate in February, because I support the Institutes, and because at that time, Congress was not injecting itself in the debate over the use of human fetuses in research. Unfortunately, the bill before us today is considerably different from that earlier version in this respect. I am greatly concerned by certain provisions in the bill.

Let me state again for the record that I support the National Institutes of Health, but I believe it my job as a U.S. Senator to ask thoughtful questions—questions I do not believe the President and his administration have adequately answered.

During his first few days in office, the President exercised his Executive privilege to overturn several long-held protections for preborn life—one of which directly affects this legislation—the overturning of the moratorium on fetal tissue transplantation research.

The President was within his rights to exercise that power—and while I did not agree with him, I understand his position. However, in the bill before us today, Congress is being asked not only to affirm that executive action, but to codify it in law.

The issue of fetal tissue research is a complex one—and one which I believe all of us can support as a concept. The issue is not whether or not to support this type of research, because the NIH already supports this research, even with the moratorium in place, to the tune of \$9 million. The issue is the source of the tissue. I support using fetal tissue from sources such as spontaneous abortions, miscarriages, and stillbirths. I do not support using tissue from aborted fetuses.

I do not intend to take up the time of this body expounding all the reasons for this opposition—and there are many—rather I would like us to think for a moment about the consequences of pursuing this type of research in a reckless and unabandoned way.

Just think a moment, if medical research becomes dependent on widespread abortion, a vested interest would clearly be created in a substantial, uninterrupted flow of fetal remains. Medical science would be dependent on continued legal abortion—on demand.

A second question I think we need to ask is: By what right is this tissue obtained? Certainly, the remains of a fetus in an elective abortion are not donated in any traditional sense of the word. The fetus can give no consent. It is instead, provided by the very people who ended a life. Can the person who ended a life be morally permitted to determine the use of the organs of that life?

Third, is it really possible to separate neatly the practice of abortion from its use in biomedical research? Are researchers merely using the results of

abortion, or are they dictating its practice? Janice G. Raymond, professor of Women's Studies and Medical Ethics at the University of Massachusetts has testified that doctors are already altering the methods of abortion in order to get the tissue they desire. "Doctors who are eager to get good tissue samples," she says, "must put women at additional risk of complication by altering the methods for performing abortions and by extending the time it takes to perform a conventional abortion procedure." This legislation prohibits the altering of the abortion procedure in order to obtain viable tissue, but how would this prohibition possibly be enforced? Such a prohibition amounts to lip service, at best.

Finally, we must ask, what future will we find if tissue transplants dependent on elective abortion are successful? If all the victims of diabetes, Parkinson's, Alzheimer's disease, and neurological trauma were to be treated with human fetal tissue as many as 20 million fetuses would have to be procured to supply that need.

So it seems to me, on this question alone, we need to direct our attention toward alternatives—ways to generate fetal tissue without elective abortion—either by looking at cell cultures or the use of animal tissue. Some alternative must be found to induced abortion if demand is to be met, and an ethical nightmare avoided.

Does this legislation address alternatives to human fetal tissue. No it does not. In fact, this bill contains more protection for research involving animal subjects than it does pre-born children. In fact, this bill appears to send a signal that in the future we will rely more on fetal tissue than animal.

Section 205 of the legislation is entitled "Plan for Use of Animals in Research." This section requires the Director of the National Institutes of Health to conduct or support research into—

First, methods of biomedical research and experimentation that do not require the use of animals;

Second, methods of such research and experimentation that reduce the number of animals used in such research; and

Third, methods of such research and experimentation that produce less pain and distress in such animals.

Mr. President, I do not oppose this section per se, but I think it ironically demonstrates what I consider to be misplaced priorities. We seek to discourage the use of animals in research, requiring the Director of NIH to study alternatives, and we express a desire that research involving animals be designed to assure "less pain and distress." Do any of these protections apply with respect to fetal tissue experimentation? Do we in this legislation seek to discourage the use of aborted human fetuses in experimen-



tation" Are we concerned about the pain and distress more mature fetuses who are aborted feel? Are we redirecting our attention toward alternatives to human fetal tissue—such as animal models? The answer to each of these questions is no. We are in this legislation, relying almost exclusively on human fetuses as the source of tissue for human transplantation.

What will be the status of the so-called fetal tissue bank under an administration that supports this type of policy. Can we expect a real effort will be put into the banks by the NIH when Congress is clearly sending a message to the contrary? These are very important questions, and ones which cause me to pause.

Mr. President, I could go on—discussing many of the other issues which are raised by pursuing this line of research—but I shall not. Let me conclude with a quote from Stephen Post who has stated, "Ultimately, it is the specter of a society whose medical institutions are inextricably bound up with elective abortions and whose people come to believe that for their own health they have every right to feed off the unborn—that gives pause."

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. MITCHELL. Mr. President, I move to reconsider the vote.

Mr. CHAFFEE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

#### THE CALENDAR

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Senate proceed, en bloc, to the immediate consideration of Calendar Nos. 68 and 71; that the bills be deemed read three times, passed, and the motion to reconsider the passage of these measures laid upon the table, en bloc; further, that the consideration of these items appear individually in the RECORD and any statements relative to these calendar items appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### AMERICAN FOLKLIFE CENTER APPROPRIATIONS ACT

The bill (S. 685) to authorize appropriations for the American Folklife Center for fiscal years 1994, 1995, 1996, and 1997 was considered, ordered to be engrossed for a third reading, read the third time and passed; as follows:

S. 685

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. AMERICAN FOLKLIFE CENTER.

Section 8 of the American Folklife Preservation Act (20 U.S.C. 2107) is amended—

(1) by striking "1992, and" and inserting "1992."; and

(2) by inserting " \$1,120,000 for the fiscal year ending September 30, 1994, \$1,197,936 for the fiscal year ending September 30, 1995, \$1,267,272 for the fiscal year ending September 30, 1996, and \$1,341,158 for the fiscal year ending September 30, 1997" after "1993".

#### NATIONAL MUSEUM OF NATURAL HISTORY AUTHORIZATION

The bill (S. 779) to continue the authorization of appropriations for the East Court of the National Museum of Natural History, and for other purposes was considered, ordered to be engrossed for a third reading, read the third time, and passed; as follows:

S. 779

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. NATIONAL MUSEUM OF NATURAL HISTORY.

(a) IN GENERAL.—Section 2 of the Act entitled "An Act to authorize the Board of Regents of the Smithsonian Institution to plan, design, construct, and equip space in the East Court of the National Museum of Natural History building, and for other purposes", approved October 24, 1990 (20 U.S.C. 50 note), is amended by inserting "and succeeding fiscal years" after "1991".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as of October 24, 1990.

#### NATIONAL COOPERATION PRODUCTION AMENDMENTS ACT OF 1993

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 74, H.R. 1313, the National Cooperative Production Amendments of 1993; that the bill be deemed read three times, passed, and the motion to reconsider be laid upon the table; that statements by Senators LEAHY and BIDEN relative to the bill appear in the RECORD at the appropriate place.

The PRESIDING OFFICER. Without objection, it is so ordered.

So the bill (H.R. 1313) was deemed read the third time and passed.

Mr. LEAHY. Mr. President, today I am pleased to be joined by Senators BIDEN and THURMOND in urging the passage of the National Cooperative Production Amendments of 1993. This bill is the companion to S. 574 which Senator BIDEN, Senator THURMOND, and I introduced earlier this Congress. Similar to S. 1006 of the 101st Congress and S. 479 in the 102d Congress, this legislation will strengthen the competitiveness, technological leadership, and economic growth of the United States by extending the National Cooperative Research Act of 1984 to allow joint production ventures, as well as joint research and development ventures.

As American firms come under increased pressure from fast-paced technological innovation and development abroad, it is more important than ever to make sure that our companies do not function at a disadvantage. The National Cooperative Production Amendments will begin to level the international playing field, without risking harm to the competitive marketplace or the integrity of our antitrust laws.

American scientists and engineers are the world's best innovators. We continue to make scientific breakthroughs and invent new and improved products. But good ideas and breakthrough inventions alone will not spell America's success in global markets. World technological leadership depends on our ability to convert research and development advances into commercial production at a rapid pace. This is often a costly and risky endeavor.

In 1984, Congress passed the National Cooperative Research Act which addressed the significant financial commitment involved in high technology innovation. That act encouraged American firms to join forces—to share the cost and risk of research and development projects—by clarifying antitrust law regarding combined research ventures. Specifically, the 1984 act applied the rule-of-reason standard to joint research and development ventures so that, if legal action were taken against a venture, a court could consider the competitive benefits of the venture. It also limited antitrust recovery against joint R&D ventures to single damages, if the ventures follow the act's notification procedure.

The National Cooperative Research Act has been a success. Since its enactment, companies have established over 300 joint research ventures to develop everything from chipmaking and steelmaking processes to superconductors. Many argue that the 1984 act was critical to the formation of Sematech, the industry-government research consortium whose mission is to restore the U.S. world leadership in semiconductor manufacturing technology.

With its success, however, the 1984 act has its limitations. The act does not address the need for joint production ventures and it is precisely in the area of manufacturing that the United States faces its most serious competitive challenges. We must recognize the significance of this country's manufacturing capability by giving joint production ventures the same treatment as joint research and development ventures under the National Cooperative Research Act.

While this legislation will benefit American businesses across the board, it will have perhaps the greatest impact on our electronics industry—an industry which employs 2.6 million Americans and which represents a \$750 billion global market. Over the past

decade, we have witnessed the erosion of America's leadership in high technology electronics.

As chairman of the Judiciary Committee's Subcommittee on Technology and the Law, I am particularly concerned about the U.S. semiconductor industry. Considered the crude oil of our electronics chain, semiconductor chips are at the heart of the technology revolution. These tiny silicon wafers are critical to this Nation's economic growth and national security. Nearly every domestic industry depends, directly or indirectly, on the products of the semiconductor industry. Semiconductor chips drive everything from wristwatches, to medical diagnostic equipment, to desk-top computers, to fighter jets.

Do American companies understand the significance of their declining share of the global market in several products. In order to regain their competitive edge, are they willing to alter the way they do business? After many discussions with industry representatives, I can say, emphatically, "Yes." I think the late Bob Noyce, inventor of the integrated circuit and former president of Sematech, said it best when he told my subcommittee that companies simply cannot afford to go it alone anymore. "Cooperation," Bob said, "is not only important for survival today, it's essential."

Some critics of this legislation claim that cooperation means mergers and acquisitions—that it means a boost for the big guy at the expense of our smaller entrepreneurs. This is not the case at all. As a matter of fact, in testimony before the Antitrust Subcommittee, Prof. David Teece of the Berkeley University School of Business emphasized that this legislation would take away the incentives for mergers and acquisitions. It would allow small- to middle-sized firms to maintain their independence and yet join with other companies for R&D and production when a project is too big or too costly or too risky to pursue alone. This Nation's industrial strength depends on the inventive dynamism located in our small enterprises. The National Cooperative Production Amendments of 1993 will guarantee diversity and economic prosperity for all American companies.

Mr. President, we must recognize that our foreign competitors do not labor under the same antitrust restrictions that confront American businesses. Their R&D and manufacturing muscle is unlimited, and their R&D and manufacturing ventures are formed on strictly pragmatic grounds: What is needed and what will work. As a result, they move ahead while the United States falls behind.

I do not believe that joint production ventures are a panacea for this Nation's competitiveness ills. No one blames our decline in international high technology markets solely on

antitrust barriers to cooperation. But joint research, development and production ventures are an important part of our long-term, comprehensive industrial strategy. By passing the National Cooperative Production Amendments of 1993, Congress can remove a significant impediment to the creation of joint production ventures.

Let me emphasize that passage of this bill will not weaken our antitrust laws. Let me also point out Mr. President, that S. 574 and H.R. 1313 are the product of long, lively, careful, and thoughtful negotiations with Chairman BROOKS, Congressmen FISH and EDWARDS and others on the House Judiciary Committee. Although the drafting may vary, like its predecessors, this bill extends rather than supplants the 1984 R&D act. It retains the 1984 act's protections against antitrust violations and the 1984 act's notice provisions. It underscores the 1984 act's safeguards against price-fixing and market allocation arrangements.

The bill includes language limiting its protections to joint ventures which locate their principal production facilities in the United States and whose parties are from countries whose law accords antitrust treatment to U.S. joint venturers no less favorable than the treatment domestic entities receive.

I wish to salute Senator THURMOND, Senator BIDEN, and Chairman BROOKS and Representatives FISH and EDWARDS for their perseverance and ingenuity in reaching the compromise bill that the Senate will pass today. The result of all this hard work is a bill that will protect and promote American jobs but at the same time acknowledge the beneficial impact that foreign participation can have on production joint ventures. I also wish to thank Senator METZENBAUM for his cooperation in the passage of this bill.

I also wish to thank the Senate staff for their persistent, patient, and creative work on this legislation. In particular, I would like to thank Ann Harkins and Tris Coffin of the Technology Subcommittee; Sean Moylan, counsel to Senator BIDEN; Keith Seat, counsel to Senator THURMOND; Mindy Hatton, counsel to Senator METZENBAUM and John Bliss, counsel to Senator BROWN. I would also like to thank several former staff members whose work on this bill over the years has been particularly important to its passage today—Patricia Vaughan, formerly antitrust counsel to Senator THURMOND, Scott Schell, formerly special counsel to Senator BIDEN, and Craig Schiffries and Jill Friedman, formerly of my staff.

Mr. President, it is time to level the playing field in the international marketplace. I urge my colleagues to support this proposal and ask unanimous consent that the Senate pass H.R. 1313. I ask unanimous consent that the full

text of my remarks be printed in the RECORD. The Judiciary Committee will file its report to S. 574, the companion bill to H.R. 1313 next week.

Mr. BIDEN. Mr. President, today I am pleased to join with Senator LEAHY and Senator THURMOND in urging my colleagues to pass the National Cooperative Production Amendments of 1993, H.R. 1313.

The goal of this legislation is a simple one: to create jobs for American workers by promoting the competitiveness of those companies doing business in the United States. Achieving this goal in a time of global markets and increased competition from abroad will not be easy. But we can begin by helping to ensure that companies doing business in the United States can work together where it is appropriate.

The National Cooperative Production Amendments of 1993 eliminates the threat of treble damages for firms that enter into joint ventures that locate their principal production facilities in the United States. By waiving treble damages, this legislation encourages companies to join together in manufacturing ventures; allows companies to share the significant investment burdens required to compete successfully in today's global markets; attracts high-technology production to the United States and, most importantly, increases the number of highly skilled jobs to be filled by American workers.

I want to emphasize that in drafting this legislation, we crafted a very narrow exception to the antitrust laws. Antitrust laws play an important role in protecting American consumers from the dangers of monopolies—increased prices and reduced choices. Changes in the antitrust laws have been made rarely, and only for compelling reasons. The present state of the American economy is the most compelling reason to make this change.

These amendments to the antitrust laws will work for the American consumer and worker. The potential for economic growth is paralleled only by the potential for the development of new products. This legislation promotes ventures among small and large businesses to produce innovative, new technologies. Since small business provides most of the employment opportunities in the United States, legislation that encourages small businesses to pool resources with other small businesses, or even larger corporations, will lead to increased employment for Americans.

I share President Clinton's concern about the need to expand the job base. I continue to believe that in order for the American economy to recover, we have to see help wanted signs hanging in the windows of American businesses. I believe this legislation will contribute to this effort by encouraging joint ventures to locate in the United States. I am pleased with the broad bi-



partisan support for the bill and urge my colleagues to enact this bill.

#### UNANIMOUS-CONSENT AGREEMENT

Mr. MITCHELL. Mr. President, I ask unanimous consent that if the Senate receives from the House a revenue measure that deals solely with the repeal of the luxury tax on boats, jewelry, furs, and planes, and a modification to the luxury tax on automobiles with respect to the cost of accessories for the disabled with a revenue offset that repeals the diesel tax exemption on recreational boats and expands the 45-day-interest rule for certain refunds, that the bill, upon receipt, be placed on the calendar; that the majority leader, after consultation with the Republican leader, may turn to its consideration at any time; that no amendments or motions be in order to the bill; that there be a time limitation for debate on passage of the bill of 1 hour equally divided in the usual form; that no points of order lie against the bill; and that when all time is used or yielded back, the Senate, without any intervening action or debate, vote on final passage of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text of the agreement follows:

*Ordered*, That at 2:30 p.m. on Monday, June 7, 1993, the Senate resume consideration of S. 3, the Congressional Spending Limit and Election Reform Act, and the Senator from Florida (Mr. Graham) be recognized to offer two amendments: (1) relating to broadcast discount for state and local candidates, and (2) relating to the FEC making grants to states to fund preparation and mailing of voter information pamphlets.

*Ordered further*, That at 9:00 a.m. on Tuesday, June 8, 1993, the Senate resume consideration of S. 3 and that no vote occur relative to any amendment pending prior to 9:30 a.m. on Tuesday, June 8, 1993.

*Ordered further*, That at 9:30 a.m. on Tuesday, June 8, 1993, the Senate proceed to vote on, or in relation to, the two Graham amendments.

*Ordered*, That if the Senate receives from the House a revenue measure that deals solely with the repeal of the luxury tax on boats, jewelry, furs, and planes, and a modification to the luxury tax on automobiles with respect to the cost of accessories for the disabled with a revenue offset that repeals the diesel tax exemption on recreational boats and expands the 45 day interest rule for certain refunds, the bill, upon receipt, be placed on the Calendar.

*Ordered further*, That the Majority Leader, after consultation with the Republican Leader, may turn to its consideration at any time; that no amendments or motions be in order to the bill; and that there be a time limitation for debate on passage of the bill of 1 hour, to be equally divided in the usual form.

*Ordered further*, That no points of order lie against the bill, and that when all time is used or yielded back, the Senate, without any intervening action or debate, vote on final passage of the bill.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I would like to extend my appreciation to the distinguished majority leader for his work in connection with this unanimous-consent request which we have just agreed to.

This is something that is extremely important to my State. With his enthusiastic guidance and support, I have canvassed every single Member on the Republican side in connection with this, and I thank my colleagues for not objecting to this request.

Again, I extend my appreciation to the majority leader, who is deeply interested in this matter himself because of the boat-building industry that he has in Maine.

This tax that was passed several years ago has been a total disaster for the boat-building industry. It is one of those cases where they went out to get the millionaires, to get the rich, and it rebounded. They did not get the rich. All they did was get the boatbuilders, the people who manufacture the fiberglass, build the winches, sew the sails, who make the cords and rigging. It has been devastating to the boat-building industry in my State and across the Nation.

I am delighted that we have gotten this far. We are not home free yet; obviously the measure has to originate in the House and come over. But I do hope we are all successful in achieving that, especially the majority leader, who has been so helpful.

Mr. MITCHELL. Mr. President, I thank my colleagues and friend from Rhode Island for his remarks. I think it is important that I make a brief statement now to put in perspective the agreement which we have just obtained.

First, let me say the agreement was obtained through the hard work of Senator CHAFEE, Senator BREAUX of Louisiana, who has been a leader in this effort, and myself.

The significance of this action lies in the following act: Under the Constitution, tax and revenue bills cannot originate in the Senate. They must originate in the House of Representatives. Were the Senate to attempt to initiate a tax or revenue bill, it would be of no legal effect because by long-established custom, precedent, and tradition, the House, jealously guarding its constitutional prerogative to initiate tax legislation, will not consider tax legislation which the Senate originated.

So if the Senate tries to pass a tax bill on its own, it has no legal effect; it cannot be done. The only way that the Senate can pass a tax bill with legal effect and consequence is to wait until the House of Representatives takes up and passes a tax bill, and sends it to the Senate for consideration. That does not happen very often.

For obvious reasons, tax measures are usually of significance, and the

House usually deals with them in measures which involve many different provisions.

Under the rules of the Senate, once any bill is before the Senate, any Senator can offer any amendment he or she wants. And so, by long practice, whenever a House-passed tax bill comes before the Senate, Senators jealously guard their prerogative to be able to offer amendments to that tax bill.

Again, that is for obvious reasons. The luxury tax repeal on boats is an important matter to Senator CHAFEE, Senator BREAUX, and me. We have spent many hours working to get this agreement. But it obviously does not have the same relevance to a Senator from a State which has no boat-building industry. On the other hand, a Senator from that State may have interests particular to his State that are of no relevance to the States of Rhode Island, Maine, and Louisiana. So it is understandable and appropriate that Senators hold onto their right to offer amendments to tax bills when they come before the Senate. It is understandable that the House rarely passes tax bills and sends them to the Senate.

These factors have combined to make it very difficult for us to gain repeal of the luxury tax on boats, jewelry, furs, planes, and some cars. This was passed as part of the budget summit agreement of 1990, and it has clearly not had the intended effect. Indeed, it has had a reverse and an adverse effect. So we have been trying to repeal this tax for about 2 years.

Last year, on two different occasions, the House and Senate passed comprehensive tax legislation which included this luxury tax repeal. Both times the bills were vetoed by the President, not because of the luxury tax repeal but because of other provisions in the bill.

So this year we have started out early, and we are pursuing two parallel approaches. First, the luxury tax repeal is included in the budget bill, which passed the House last night and which will be now coming to the Senate for action in the next few weeks. We on the Democratic side are going to try very hard to pass that bill. There is objection to it by our Republican colleagues, so that presents a difficult situation for someone like Senator CHAFEE, a situation which we commonly face in the Senate where a bill has some things you like in it and other things you do not like and you have to make a judgment.

It is my strong hope and my belief that we are going to pass that budget, and included in that budget will be the luxury tax repeal. But in case we cannot, for reasons which have nothing to do with the luxury tax repeal, then we are trying to pursue this alternate approach, and that is now, having gotten this agreement from the Senate, to say to the House, if you will now take up

and pass a luxury tax repeal separately and send it to the Senate, we promise you we will not try to amend it.

Until now, the House has been reluctant to pass a separate bill for the obvious reason, accurately stated, that if they send it over here, there are going to be a lot of amendments attached to it that have nothing to do with this subject.

The significance of this agreement that we have just obtained—and it has taken a long time to do it. Senator CHAFEE, Senator BREAU, and I have worked for a long time to get this agreement—is simply that if the President's budget does not pass and the luxury tax repeal included in that budget, therefore, does not pass, then we will request of the House that they act on this separate track.

There is no guarantee they will do it. Senator CHAFEE and I are under no illusions in that regard. We have no prior agreement. But we do know that earlier, when they were asked to do it, the answer was there is no point in doing it because when it gets to the Senate there will be a lot of amendments to it. Now, at the very least, we can meet that argument and we can make that request.

I wish to say to my friend Senator CHAFEE and to Senator BREAU, who is not present, thank you for the very hard work they did on this. This by itself does not guarantee repeal, but it is another step in the long road to getting that repeal. And I repeat my determination as a Senator from Maine and as majority leader we are going to get that luxury tax repealed.

Mr. CHAFEE. Mr. President, I wish to thank the distinguished majority leader for his kind comments. I also wish to say that Senators PELL and COHEN are interested in this legislation. I have spoken to both of them. They did ask if I would mention their concern likewise.

But as the majority leader has pointed out, this has been a long journey. When we had it repealed, we had it repealed going back to January 1, 1992. The boat selling season is hard upon us now. The boat shows have gone by, but now the boat selling season is right with us, in June. So I certainly hope that this journey we have been involved in, principally the three of us, that is, Senator BREAU, and the distinguished majority leader, and myself, all of us being on the Finance Committee, will soon end.

What did Winston Churchill say? "We are not at the beginning of the end but we are at the end of the beginning." We have a few more rounds to go. Our stamina is undaunted, and we are going to need it, I am afraid.

Mr. MITCHELL. Mr. President, if I might just say, it is in the budget. I do not know of any opposition in the Finance Committee to its staying in here. Senator MOYNIHAN, the chairman,

is committed to supporting it. He and I both spoke with President Clinton and Secretary of the Treasury Bentsen. Both stated they had no opposition to its being in there. So we are going to work very hard to get it done there. That is going to be in the next few weeks. If we cannot, we will then try to proceed through the next process.

#### MORNING BUSINESS

Mr. MITCHELL. Mr. President, I now ask unanimous consent that there be a period for morning business, in which Senators are able to speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER. Does any Senator seek recognition?

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER (Mr. LIEBERMAN). The Chair recognizes the Senator from Iowa [Mr. HARKIN].

Mr. HARKIN. Mr. President, I thank the majority leader for his indulgence and for giving me a few minutes here before he adjourns the Senate for the Memorial Day recess.

#### BUDGET RECONCILIATION

Mr. HARKIN. Mr. President, I was listening this morning to the comments made by the distinguished minority leader and others regarding the reconciliation bill that was passed last night by the House of Representatives. I wanted to respond to some of the statements, I think erroneous statements, and some of the misperceptions about the tax portion of the bill that was passed by the House of Representatives last night.

First of all, Mr. President, I am very happy that the House passed the reconciliation bill because it sets this country on the right course. It provides for almost \$500 billion in deficit reduction, which we desperately need after 12 years of a credit card spending spree, much of it wasted on excessive military spending and high interest rates on the burgeoning deficit.

Mr. President, while the Btu tax has received a large share of the debate, we should remember that the tax provisions which only affect those with incomes of over \$115,000 will raise twice as much money as the Btu tax does.

So I was listening to the minority leader earlier today speak about this House bill as a big, big, big tax bill. He kept repeating it was a big, big, big tax bill.

Let us look at the major tax provisions and see who is paying this big, big, big tax bill. I would say at the outset I would agree with the distinguished minority leader that it is a big, big, big tax bill, but most of it is placed on those with big, big, big incomes. There is a big, big, big tax bill to make up for the big, big, big tax cuts for the wealthy that took place under Ronald Reagan.

So let us look at the tax portion of the bill. Those individuals making over \$115,000 a year, and those who are joint filers making over \$140,000 a year will pay a higher, 36 percent rate. It goes from 31 percent to 36 percent. Before 1981, before the big Reagan tax breaks for the wealthy, those rates went up to 70 percent. So the rates are only going halfway back to where we were prior to 1981.

Those making over \$250,000 a year will pay a 10-percent surtax on their income taxes. Some companies pay their executives over \$1 million a year in salaries—you see some of these big corporate executives getting \$5 million, \$20 million a year. I wonder how many hard-working Americans know that the companies can deduct that from their income taxes if they want to pay them \$10 or \$15 million a year. This bill says if a company wants to pay an executive over \$1 million a year, they usually will not be able to deduct that from their taxes any longer.

I say it is about time we do that.

These provisions; raising the rate to 36 percent on those making more than \$115,000 a year, 10 percent surtax on those making over \$250,000 a year, and closing the loophole so that these highly paid executives, the companies cannot deduct that from their income taxes. These provisions will raise over \$115 billion to help reduce the deficit.

Second, requiring those with salaries of more than \$135,000 a year to pay their Medicare payroll tax on their whole salary, rather than just on the first \$135,000, pay on all of their income like most Americans do. Most hard-working Americans pay all year long on every dollar they earn to pay for the Medicare payroll tax. Now, if you make \$500,000 a year, you only pay on \$135,000.

We closed that loophole. That raises another \$29 billion to reduce the deficit.

Corporations earning over \$10 million a year will have their rates go up by 1 percent, from 34 to 35 percent. That raises another \$16 million a year. That is not mom and pop corporations. These are corporations that earn over \$10 million a year. So their rates go up 1 percent, as I said. That raises \$16 billion.

If we have the Btu tax, that will raise less than half of the above provisions, \$72 billion. These figures are what will be raised over 5 years. So all of this talk about this Btu tax that I hear from the other side of the aisle, and we heard so much about from the other body last night and from the minority leader this morning, the Btu tax, that is less than half of the tax provisions that we raise from provisions only paid by upper-income and wealthy people in this country.

So it occurs to me, Mr. President, that the overemphasis on Btu tax, as an issue, is simply a stalking horse for



the real agenda of some of my friends on the Republican side of the aisle. And their real agenda is to keep the taxes down on the wealthiest in our country. They want to continue what Ronald Reagan did in 1981. Those making big bucks are not paying their fair share. Hard-working Americans keep paying the taxes.

So whenever I hear all of this talk about the Btu tax, how tough it is—and it is tough, but it is only half of what we raise from upper income—I am convinced the talk is, in part, a stalking horse for the real agenda. And the real agenda of the minority leader and the Republicans is to keep the taxes down on the wealthiest in our country.

I know many do not like the Btu tax. I do not much like it myself, quite frankly. I cannot think of anybody that would like a Btu tax. It will cause some real problems in specific areas.

I believe that some changes will be made in this body to deal with those problems with the Btu tax. But I want to remind my fellow Senators, and I think the rest of the country, that this is almost like *deja vu* all over again.

In 1977, President Carter sent an energy bill to the Congress. This Senator happened to be in the other body at the time, the House of Representatives. I remember that I read that very carefully. I thought it was a good energy bill. We worked on it in the House; it passed the House virtually intact, and it came to the Senate, and that was the end of it—it got killed.

I think what happened at that time is that the forces that arrayed themselves against the energy bill at that time really stuck their heads in the sand. If we had passed that energy bill, we would not be importing as much oil as we are this year. About half of the oil we use in this country is imported. Over \$50 billion a year are going out of this country to places like Saudi Arabia and Kuwait, and places like that, to buy petroleum and petroleum products. If we passed that energy bill then, we would have more conservation; we would have more alternative energy, such as solar, wind, geothermal, and others, today. We would be importing a lot less oil, and using more natural gas than we are, which is domestically produced.

But, no, we stuck our heads in the sand in 1977. Look what has happened today. We are using more energy than ever before. All that money is still going out of this country every year; \$50 billion are leaving this country to pay for imported oil. I say that it is time that we quit sticking our heads in the sand. This Btu tax is designed to do three things: First, start to cut down on imported oil.

Second, to start producing more of our energy in this country using natural gas, conservation, and all the forms of energy.

Third, to reduce the deficit.

These are all objectives which I support.

So I hope we will not repeat what we did in 1977 and stick our heads in the sand again and say that, no, we can continue to use energy like it is just water. I think it is time we recognize that we have to cut down on our profligate use of imported oil in this country.

We have to take a look at the whole tax package and not just focus on the Btu tax. A family making \$400,000 a year will pay around \$1,100 more per month in taxes. The average family with a \$40,000-a-year income will pay around \$20 a month more in taxes.

Some have said that this bill is going to hurt the mom and pop small businesses because of the 36-percent tax rate—mom and pop small businesses, such as sole proprietorships. Well, the fact is that the rate only applies if that mom and pop as a family, makes more than \$140,000 a year.

Mr. President, I must tell you that the mom and pop businesses that dot the main streets of our small towns and communities in Iowa are not making \$140,000 a year. They are lucky if they make \$30,000 a year. They are in those stores from early morning until late at night, working hard, serving the people. They are not making \$140,000 a year. Anybody that says increasing the tax rate is going to hurt most small business owners obviously has not read the bill or, again, they are trying to put up a smoke screen for another agenda, the agenda of keeping taxes as low as possible on the wealthiest in our country.

Mr. President, the reconciliation bill is about remedying what some called the riverboat gamble taken in 1981. I did not call it that. Senator Harold Baker, I believe, called it that at the time, a riverboat gamble. Ronald Reagan said we could cut taxes and he was mainly interested in the wealthiest, increase military spending, and cut the deficit at the same time. That was the riverboat gamble.

I, quite frankly, think it was more closely in line with fraud than gambling. It led to a quadrupling of the Federal debt and the largest deficit in history. After years of smoke and mirrors, after years of borrowing and spending, after years of acting like we can continue to import oil like there is no tomorrow, now we have an honest plan to cut the deficit, to make the wealthiest in our society pay just their fair share.

Again, I will repeat that the top rate, prior to the Ronald Reagan tax cut, was up to 70 percent. This bill only brings it back up to 36 percent, up to almost 40 percent with the surtax on those making more than \$250,000, a bit over half of what it was before then.

Mr. President, it is a good plan. Again, some changes have to be made. There are some specific industries that

are hurt more by the Btu tax including agriculture. These adjustments have to be made, as we always make them. But if we take decisive action, low interest rates will more than offset the costs that many people and businesses will bear.

Mr. President, I represent a farm State. I am proud to represent that State, and I am proud of our farmers. There has been a lot of talk that this Btu tax is really going to hurt farmers. Well, as originally designed, it would have done so.

One of the key parts of the plan was that petroleum products were taxed at a higher rate, say, than natural gas which is produced more in this country. The tax per million Btu's on petroleum products was about 60 cents per million Btu's. On other forms of energy, like natural gas, it was about 26 cents per million Btu's.

The House of Representatives cut that increase on petroleum products for farmers. So rather than being taxed at 60 cents per million Btu's farmers are only taxed at a 26 cents per million Btu tax rate for their farm fuel. And, I believe that there will be additional changes that will benefit agriculture in the final version of the bill.

I want to mention that, yesterday, the Food and Agricultural Policy Research Institute—a joint undertaking by Iowa State University and the University of Missouri—did a study and released it yesterday. They said that, regarding the impact in agriculture on midwest farmers, the increased costs they would pay on the Btu tax would to a significant degree be offset by the lower interest rates that will come about, because we are reducing the deficit.

Farmers want lower interest rates, and this bill is going to give farmers those low interest rates that they need.

Mr. President, now is not the time to repeat what we did in 1977 and stick our heads in the sand one more time on energy. Now is not the time to take another riverboat gamble like we did in 1981 and say we can continue to let the wealthy in our country get by without paying their fair share of taxes and we can continue to run the deficit up.

Now is the time to think about our children and to think about the future we are going to leave them. Now is not the time for smoke-and-mirror programs like Gramm-Rudman that sound very good—oh, they sounded great, but with all this fluff and talk about Gramm-Rudman reductions, the deficit just kept going up all the time.

No, Mr. President. Now is the time to make tough choices, to make the hard decisions, to do what we came here to do, and that is to set this country right, reduce the deficit, cut down on our energy dependence, and provide a better future for our children.

Yes, there are tough choices. No plan is perfect. This plan is not perfect. But

we have tried 12 years of trickle-down economics, and it has been a disaster for this country.

President Clinton's plan contains some medicine that does not taste very good, but it is time that we take the medicine so that our children will not have to take medicine that is far more bitter.

Mr. President, I anxiously await, when we come back after our Memorial Day recess, to take up the President's reconciliation bill and have this debate. I think once the American people understand forthrightly and fully what we have set before them, I believe they are ready to make this tough decision and say, yes, we truly have to get the deficit down. It may hurt, but we have to do it for the future of our children.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mrs. MURRAY). The Chair recognizes the Senator from Minnesota [Mr. DURENBERGER].

Mr. DURENBERGER. I thank the Chair.

(The remarks of Mr. DURENBERGER pertaining to the introduction of S. 1069 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. DURENBERGER. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SIMPSON. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### TRIBUTE TO CHARLES KINNEY

Mr. SIMPSON. Madam President, I rise to pay a belated tribute to an individual who contributed a great deal to the better functioning of the U.S. Senate for 19 years. I am referring to Charles Kinney—whom I met when I first came here—who on May 14 left the Senate to pursue a career with a Washington law firm. Charles is a remarkable man who always dealt fairly and honestly with those of us on this side of the aisle. I trusted him. His knowledge of the Senate and Senate procedure is immense. Never once, since I have known him, have I ever heard any member say that Charles was anything less than cooperative and helpful, not only to the Democrats but to the Republicans, as well.

Charles began his work in the democratic cloakroom in 1974. He continued to work in the Senate while studying for his law degree; like his mentor, Senator BYRD, who took a law degree while he served in Congress, and we know the breadth of his intellect and brilliance.

Later Charles was appointed to be a member of the floor staff and counsel to the policy committee when Senator BYRD was majority leader. He also served as chief judiciary committee adviser to Senator BYRD.

He consistently demonstrated the highest levels of professionalism in his work as chief floor counsel. I am absolutely confident that he will continue his remarkable work in the new challenges he faces in the private sector. He will be missed a great deal by all of us whom he has helped on the floor of this Senate for many of these past years—night sessions, early morning sessions, always working to put together a unanimous consent agreement or to help resolve a difficult situation with that remarkable sense of balance.

So I am pleased to join the majority leader, the Republican leader, and others of my colleagues who have taken the opportunity to wish the best of luck and express a sincere gratitude to a person who has contributed so much to this institution.

He leaves a significant mark here, a very positive one. I really wish him well—he is a splendid, splendid young man—and his family, also.

#### CONFIRMATION OF PAMELA HARRIMAN AS AMBASSADOR TO FRANCE

Mr. SIMPSON. Madam President, I would like to take this opportunity to remark on the confirmation of Pamela Harriman as Ambassador to France. Unfortunately, I was unable to come to the floor to speak in favor of the nomination when Pamela Harriman was considered, and would now like to congratulate the President on this appointment, and also to congratulate Ms. Harriman herself.

The relationship between our Nation and France will be well served by this remarkable woman. I, like so many others, have been fortunate to have been the beneficiary of this delightful lady's kindness and generosity and graciousness. She has been to me a wonderful and supportive friend at a time when, I can assure you, I needed some friends. She will grace our Embassy in France with energy, skill, and elegance, not to mention a healthy dose of good common sense.

I am particularly pleased with this appointment because France deserves our very best. And that is Pamela Harriman. France was our ally before we had even become a nation. Indeed, France helped us to become one. Our countries have been on a parallel course every since, tied tightly together. Both of our republics were created through revolution in the late 18th century. We have fought two world wars as allies. In short, there are few bilateral relationships in the world with as much to bind them as ours with France. It is a relationship that de-

serves to be tended well, and I am pleased that the President has demonstrated his commitment to it with this fine appointment.

She will do well. We know of her biographical background. And now she returns to the city in which she studied at the Sorbonne in Paris many years ago.

Her public service began with extraordinary trials, working at the ministry of supply and with women's voluntary services in London during the war years of 1941 and 1942. She spent most of the war serving as assistant secretary of the Churchill Club in London, an organization of American and Canadian servicemen and officers.

Ms. Harriman has shared her exceptional insights and grasp of history with us in many important publications, including "Our Moscow Blindness" in a 1992 edition of the Washington Post, and the prescient "Turkey Deserves Priority Attention" printed in the New York Times in 1988. On December 7, 1991, the 50th anniversary of the Pearl Harbor attack, she published an evocative piece in the Washington Post describing Winston Churchill's reaction to the Pearl Harbor assault—he understood that event, although tragic in the near term, meant the entry of the United States into the World War, ensuring the eventual defeat of Hitler and the survival of Great Britain. Pamela Harriman has shared many fine works with us describing the life and thoughts of Winston Churchill. It is not surprising that in recent years she has been drawn to support others who excel in public life.

My wife Ann and I have the highest regard for this splendid woman.

Again, I commend the President for this fine appointment and the Senate for confirming her.

Mr. SIMPSON. Madam President, what is the situation with regard to the floor?

The PRESIDING OFFICER. We are conducting morning business at the present time.

Mr. SIMPSON. Is there a time limit?

The PRESIDING OFFICER. The Senator may speak for an unlimited amount of time.

Mr. SIMPSON. I will just take a few more minutes, Madam President.

#### THE PRESIDENT'S PROPOSED "DEFICIT REDUCTION PLAN"

Mr. SIMPSON. Madam President, I wish to speak in reference to the President's proposed deficit reduction trust fund. In view of the recent action taken by the House to approve the President's tax plan, it is worth examining whether such a trust fund will truly ensure that these new taxes are used for deficit reduction only.

Madam President, my colleagues have already reminded us of how the Democratic Party reacted when Presi-



dent Bush suggested a deficit reduction checkoff option for taxpayers. Senator BOB SMITH of New Hampshire tried to advance that proposal on the floor of the Senate, and was ridiculed for his efforts.

I will try not to discuss the President's suggestion in the same tone of voice in which my colleagues on the other side responded to President Bush last year. I debated this issue on the floor at that time and I remember how I felt, listening to our President being mocked—it was as though sarcasm and derision dripped from the words of Democratic Senators. I half expected to hear speakers begin to recite "Forgive them, Lord, they know not what they do" as they shook their heads in sadness at the folly of the poor, old, wandering Republicans.

So I will try not—and I just did—to resort to sarcasm and mockery in my remarks. But I remember that was the element and the essence of the remarks at that time.

Madam President, there is a great temptation to note the irony and even humor in our President's proposing a deficit reduction trust fund some weeks ago.

At least, when President Bush proposed earmarking taxpayer funds for such purpose, he displayed an awareness that taxes could only reduce the deficit if they were not spent. Thus, he proposed a mechanism for keeping them from being spent.

If President Clinton proposed any new changes in Federal revenues or Federal expenditures specifically in conjunction with this deficit reduction trust fund, I am not aware of it. I think it is fair to say that the effectiveness or lack thereof of the President's deficit reduction plan will not be altered one penny by the creation of this trust fund. If the creation of a special trust fund will reduce our Federal deficit, it will be a true revolution in the arenas of finance.

Personally, I know that my wife Ann and I would love to use this idea for our own personal finances, but I suspect the words, "don't try this at home" might well apply.

"Don't try this at home" is what we should do to test things we do here, because, if your salary does not change at home and your expenditures do not change at home, you will be hard pressed to reduce your personal debts by calling some of your money a debt reduction trust fund.

Madam President, if you do set some of the money aside and designate it as a deficit reduction trust fund and this induces you to spend less money, then certainly you will achieve your desired ends. But that is the key, is it not? Sure. You have to cut your own spending to pay off your debts. It is true for governments as it is for individuals. Remember, we can still blame President Reagan, President Bush, or the

Democratic Congress—whatever you want—but we are headed into the bowwows.

If Hillary Clinton—and I give her high credit, an impressive person in government—if we do nothing in that area, it is going to cost us another \$700 billion in 5 years. And we will have to do something. Right now this issue of health care is costing us, at the end of this year, \$900 billion.

While we talk about messing around with \$20 million here, \$80 million there, the big bucks are just sucking us up. Entitlement programs have gone up 24 percent. We ought to be commending people like SAM NUNN and PETE DOMENICI for their strengthening of America Report. We ought to be commending JACK DANFORTH and DAVE BOREN because they are the only ones talking about how to save this country from absolute fiscal insanity. And that is do something with the entitlements programs.

Why call them that? Call them what they are—Social Security, Medicare, and Medicaid. And they are sucking us up. So, I commend those who are attempting to meet the President's proposals, but there is only one way to reach them and that is to do something with those programs. A deficit reduction trust fund will not get us there. It will not reduce the deficit. If we do not actually need to enforce spending cuts to reduce the deficit and could do it simply by saying certain of our money is in a trust fund, I do hope someone in this Chamber will assist me in applying this splendid idea to my own tattered personal finances. I suspect there are millions of Americans who are similarly eager to exploit this remarkable new method of deficit reduction as well, even though it does not look like the old cookie jar.

#### THE WHITE HOUSE TRAVEL OFFICE

Mr. SIMPSON. Finally—I appreciate the courtesy from the Chair—I just want to speak very briefly, 3 minutes, so we may repair to our homes and our constituents at town meetings and let them rain their remarkable commentary upon us during the recess. That is good. I like town meetings. They have torn all the hair off my head, but I am still going back for more, always.

I want to speak on the controversy involving the White House travel office. Some days ago, in an article in the Washington Post, there were disturbing revelations about how the White House had been operating in that arena. If this story is accurate, it seems that White House staff bypassed Attorney General Janet Reno and instead invited the FBI Director of Public Affairs to the White House.

After this meeting, the FBI officer issued guidance to the Bureau's press of-

ficers in the production of a statement that the FBI had "sufficient information to determine that additional criminal investigation is warranted" of the White House travel office. This statement, I must remind my colleagues, was part of the evidence cited by the White House in its justification of the dismissal of the entire travel office staff.

Based on what we know to date, it is not conclusive that these White House staffers were attempting to politicize the FBI's procedures. However it is, I think, indicative of a disturbing series of consequences and coincidences. It is coincidental that, after a visit to the White House, the FBI issued a statement saying that additional criminal investigation is warranted.

Also coincidental is the fact that White House counsel William Kennedy requested an FBI investigation of the White House travel bureau 3 days after the President's friend Harry Thomason complained to the White House about not having a piece of the White House travel business.

Before that, a 3-month-old memo from the President's 25-year-old cousin suggested she be placed in charge of the travel office's operation. Only after this memo, coincidentally, did an FBI investigation of travel office procedures commence.

Again, that is the chronology reported by the Washington Post.

I am particularly disturbed by the information about how Attorney General Janet Reno was apparently bypassed. All Americans were relieved to hear, at her confirmation hearings, Janet Reno's assurances to Congress that the Justice Department would not be politicized. I believe her. I really do believe her. I believed her then. I believe her now. This is an extraordinary public servant. I have come to know her, and I hope I will have many more opportunities to come to know her better.

She stands tall in more ways than one. And when she said to us, "The buck stops here," that is a shocking statement for this city where, if you want to have a friend, you better buy a dog.

The administration was most happy for her visibility at that the time in that vital role. So it is curious a Cabinet Member of the highest integrity such as Attorney General Reno would have been bypassed here unless the perpetrators knew that were she informed, she would blow the whistle on the whole bizarre affair.

There are many questions that are still unanswered about this travel travesty, but Americans deserve to know the truth. I join with our leader in his call for a congressional hearing on the controversy. I know Senator BIDEN, as my chairman of the Judiciary Committee, will give that his every attention. But I can certainly say I think the

President is being ill-served by some. This is obviously gratuitous advice from me as a Member of the other party, but I do not want to see him fail.

I think Mack McLarty, his Chief of Staff, is a splendid man, and I think he is doing his best. But I think they are still in a campaign mode up there. The sooner they get out of the campaign mode and decide it is governing time, I think, the sooner we will make some real progress. Turn the campaign folks loose, turn the night-tracking poll people loose. Let them go. Let them go rest for a while so the poor President does not have to get up every morning and take the night tracking poll and go tell people what he thinks they want to hear. That nearly killed George Bush—it did.

Once you get into that mode as President of the United States, polling the people of America every night and thinking that you are giving them what they want, you will fail. And I have seen it occur.

It is time to govern, time to do the hard decisions. We all know what we have to do—all of us, Democrat and Republican alike. So I hope we will be about that.

I hope we will be about that. I hope that these things will come to pass in weeks to come and that our leader will continue to work with Senator MITCHELL, as they do remarkably to do the Senate's work, even though they both, indeed, represent highly partisan positions.

But that is the Senate. I respect GEORGE MITCHELL, and I respect BOB DOLE. I respect my assistant leader, WENDELL FORD. I enjoy working with them all. I wish them all a good recess, as well as the occupant of the Chair.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MITCHELL. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### RENEWAL OF CHINA'S MOST-FAVORED-NATION TRADING STATUS

Mr. SIMPSON. Mr. President, I rise to express my strong support for the President's decision to renew China's most-favored-nation trading status. I am pleased to see that President Clinton has adopted President Bush's thoughtful approach for another year—directing the course of change by maintaining a dialog and keeping the lines of communication open as we attempt to provide positive reinforcement for reform in the People's Republic of China.

I do believe that each of us is very deeply concerned about the known

human rights violations that exist in the People's Republic of China. We are also gravely concerned about China's transfer of sensitive missile and nuclear weapons technology and many Members have expressed additional reservations about other critically important matters.

These concerns are very real, and I would be deeply disturbed if the administration were not taking steps to deal with them in a most aggressive and appropriate manner. I do believe that our responsibilities are best met when we use the appropriate nonconfrontational tools to deal with the problems of human rights, arms proliferation, and the trade deficit.

My decision to support most-favored-nation status comes down to one very simple concern: How would we maintain or increase our influence and dialog with China—a country representing one-fifth of the world's population—if we were to withdraw a trade status which we give to 162 other countries on the face of the Earth? What do we gain from cutting off our nose to spite our face? Slamming the door on China would also be slamming the door on ourselves.

If we are going to deal with the global issues of the day, such as the environment and nuclear and conventional arms proliferation, we must include in those discussions the People's Republic of China. Without including the most populous nation on the Earth, many of these critical international problems simply cannot be effectively dealt with. It is as basic and simple as that.

We extend MFN to all but a handful of nations. Granting MFN actually constitutes nondiscriminatory rather than favorable treatment. This is economic policy and it is not a gift. We must recognize that our economy and our commerce benefits greatly by our granting of this trade status to other countries.

On the issue of human rights, the President and last year's staunch supporters of conditional MFN are starting to come around—beginning to see the light. They are beginning to realize that only with the renewal of MFN for China can we best serve the cause of freedom and human rights in China. MFN is not the stick to be used on China to manifest our disagreement over that nation's human rights policies. Retaliation in some form by China would be a certainty—and all that would accomplish would be the diminution of the influence we currently have with this important nation.

No other country is planning to deny China MFN status. Other countries will only move in—indeed, are moving in—to fill any gap we would foolishly leave open.

I also strongly believe that the administration must continue to work with Chinese officials to encourage ad-

herence to the Missile Technology Control Regime [MTCR] guidelines and parameters.

I am also very much aware of the trade deficit that exists with China—it is serious indeed. The trade deficit must be dealt with immediately. I do not argue with that one whit. Yet, tying the trade imbalance to the renewal of MFN is not the appropriate answer. We deal honestly and openly with other countries with which we have heavy trade deficits in an effort to try to reduce those figures, and that is what I think we should do in this case as well.

We will fail in our efforts to advance American ideals and address serious global concerns on the environment, and we will fail in our efforts to bring China ever more fully into the world economy if we choose to deny them most-favored-nation status. Our foreign and economic policies must be based on a far-reaching vision, not vindictiveness. Our American values and standards are far more likely to be received and embraced if they are promoted through an open door—not one slammed shut.

#### CHINA'S TRADING STATUS

Mr. MITCHELL. Madam President, this morning, President Clinton signed an Executive order extending most-favored-nation trade status to China for 1 year and placing conditions on the renewal of that status following that 1-year extension.

It is a welcome change in American policy. With this action, in order to continue its most-favored-nation trade status next year, China must make progress on human rights, fair trade, and nuclear nonproliferation. The conditions placed by the President on China today are fair and reasonable. They are appropriate expectations of decent international behavior.

I commend President Clinton for his leadership on this issue. For the first time since the tragedy of Tiananmen Square, a President has been willing to take the initiative to act, to issue an Executive order to bring about positive change.

During last year's campaign, President Clinton vowed to reverse previous policy toward China. He has now done what he said he would do. His action today gives the administration a useful tool with which to encourage meaningful progress in human rights, in fair trade, and in nuclear nonproliferation by the Chinese Government.

The Executive order signed by the President today is similar to legislation entitled the United States-China Act of 1993, which Representative NANCY PELOSI and I introduced, she in the House and I in the Senate, last month. In order for China now to benefit from the lower tariff rates provided by most-favored-nation trade status



after July 1994, President Clinton will have to indicate that China has acted to improve its policies. These are the goals set forth in our legislation.

The conditions are not punitive or unfair. They are fair and reasonable. It is my hope that these conditions will encourage China's leaders to take the steps necessary to preserve and improve their relationship with the United States.

It is my hope that this action will contribute ultimately to the people of China and Tibet enjoying the freedom which Americans enjoy and for which people the world over long.

#### AUTHORIZATION TO SENATOR ROCKEFELLER

Mr. MITCHELL. Madam President, I ask unanimous consent that Senator ROCKEFELLER be authorized to sign duly enrolled bills and joint resolutions during the Senate's recess prior to June 7.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there any further morning business? If not, morning business is closed.

#### CONGRESSIONAL SPENDING LIMIT AND ELECTION REFORM ACT OF 1993

The PRESIDING OFFICER. The clerk will report the pending business. The assistant legislative clerk read as follows:

A bill (S. 3) entitled "Congressional Spending Limit and Election Reform Act of 1993."

The Senate continued consideration of the bill.

#### ORDER FOR RECORD TO REMAIN OPEN

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Senate RECORD remain open today until 2 p.m. for the introduction of statements and legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### ORDERS FOR MONDAY AND TUESDAY, JUNE 7-8, 1993

Mr. MITCHELL. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand adjourned until 2 p.m. Monday, June 7; and that, when the Senate reconvenes on Monday, June 7, the Journal of proceedings be deemed to have been approved to date, the call of the calendar be waived, and no motions or resolutions come over under the rule; that the morning hour be deemed to

have expired; that following the time for the two leaders, there be a period of time for the transaction of morning business not to extend beyond 2:30 p.m., with Senators permitted to speak therein for not to exceed 5 minutes each; that at 2:30 p.m. the Senate resume consideration of S. 3, with Senator GRAHAM, of Florida, recognized to offer two amendments, one relating to broadcast discount for State and local candidates and a second relating to the FEC making grants to States to fund preparation and mailing of voter information pamphlets; that on Tuesday, June 8, at 9 a.m. the Senate resume consideration of S. 3, and that no vote occur relative to any amendment prior to 9:30 a.m. on Tuesday, June 8.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### ADJOURNMENT UNTIL 2 P.M., MONDAY, JUNE 7, 1993

Mr. MITCHELL. Madam President, if there is no further business to come before the Senate today, I now move that the Senate stand adjourned, in accordance with House Concurrent Resolution 105, until 2 p.m. on Monday, June 7.

The motion was agreed to, and the Senate, at 1:37 p.m., adjourned until Monday, June 7, 1993, at 2 p.m.

#### CONFIRMATION

Executive Nominations Confirmed by the Senate May 28, 1993:

##### ENVIRONMENTAL PROTECTION AGENCY

STEVEN ALAN HERMAN, OF NEW YORK, TO BE AN ASSISTANT ADMINISTRATOR OF THE ENVIRONMENTAL PROTECTION AGENCY.

DAVID GARDINER, OF VIRGINIA, TO BE AN ASSISTANT ADMINISTRATOR OF THE ENVIRONMENTAL PROTECTION AGENCY.

##### DEPARTMENT OF JUSTICE

WEBSTER L. HUBBELL, OF ARKANSAS, TO BE ASSOCIATE ATTORNEY GENERAL.

DREW S. DAYS III, OF CONNECTICUT, TO BE SOLICITOR GENERAL OF THE UNITED STATES.

##### DEPARTMENT OF STATE

MARILYN MCAFEE, OF FLORIDA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF GUATEMALA.

WILLIAM THORNTON PRYCE, OF PENNSYLVANIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF HONDURAS.

JOHN HOWARD FRANCIS SHATTUCK, OF MASSACHUSETTS, TO BE ASSISTANT SECRETARY OF STATE FOR HUMAN RIGHTS AND HUMANITARIAN AFFAIRS.

##### DEPARTMENT OF COMMERCE

CLARENCE L. IRVING, JR., OF NEW YORK, TO BE ASSISTANT SECRETARY OF COMMERCE FOR COMMUNICATIONS AND INFORMATION.

D. JAMES BAKER, OF THE DISTRICT OF COLUMBIA, TO BE UNDER SECRETARY OF COMMERCE FOR OCEANS AND ATMOSPHERE.

ARATI PRABHAKAR, OF TEXAS, TO BE DIRECTOR OF THE NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY.

##### EXECUTIVE OFFICE OF THE PRESIDENT

SALLY KATZEN, OF THE DISTRICT OF COLUMBIA, TO BE ADMINISTRATOR OF THE OFFICE OF INFORMATION AND REGULATORY AFFAIRS, OFFICE OF MANAGEMENT AND BUDGET.

PHILIP LADER, OF SOUTH CAROLINA, TO BE DEPUTY DIRECTOR FOR MANAGEMENT, OFFICE OF MANAGEMENT AND BUDGET.

##### DEPARTMENT OF TRANSPORTATION

STEPHEN H. KAPLAN, OF COLORADO, TO BE GENERAL COUNSEL OF THE DEPARTMENT OF TRANSPORTATION.

##### DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

MICHAEL A. STEGMAN, OF NORTH CAROLINA, TO BE AN ASSISTANT SECRETARY OF HOUSING AND URBAN DEVELOPMENT.

##### DEPARTMENT OF HEALTH AND HUMAN SERVICES

DAVID T. ELLWOOD, OF MASSACHUSETTS, TO BE AN ASSISTANT SECRETARY OF HEALTH AND HUMAN SERVICES.

##### EXECUTIVE OFFICE OF THE PRESIDENT

CHARLENE BARSHEFSKY, OF THE DISTRICT OF COLUMBIA, TO BE A DEPUTY U.S. TRADE REPRESENTATIVE, WITH THE RANK OF AMBASSADOR.

RUFUS HAWKINS YERXA, OF THE DISTRICT OF COLUMBIA, TO BE A DEPUTY U.S. TRADE REPRESENTATIVE, WITH THE RANK OF AMBASSADOR.

##### INTERNATIONAL BANKS

JOAN E. SPERO, OF NEW YORK, TO BE U.S. ALTERNATE GOVERNOR OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT FOR A TERM OF 5 YEARS; UNITED STATES ALTERNATE GOVERNOR OF THE INTER-AMERICAN DEVELOPMENT BANK FOR A TERM OF 5 YEARS; UNITED STATES ALTERNATE GOVERNOR OF THE AFRICAN DEVELOPMENT BANK FOR A TERM OF 5 YEARS; UNITED STATES ALTERNATE GOVERNOR OF THE AFRICAN DEVELOPMENT FUND; UNITED STATES ALTERNATE GOVERNOR OF THE ASIAN DEVELOPMENT BANK; AND UNITED STATES ALTERNATE GOVERNOR OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT.

##### NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

KATHRYN D. SULLIVAN, OF TEXAS, TO BE CHIEF SCIENTIST OF THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION.

##### DEPARTMENT OF TRANSPORTATION

MORTIMER L. DOWNEY, OF NEW YORK, TO BE DEPUTY SECRETARY OF TRANSPORTATION.

MICHAEL P. HUERTA, OF CALIFORNIA, TO BE ASSOCIATE DEPUTY SECRETARY OF TRANSPORTATION.

RODNEY E. SLATER, OF ARKANSAS, TO BE ADMINISTRATOR OF THE FEDERAL HIGHWAY ADMINISTRATION.

##### DEPARTMENT OF DEFENSE

STEVEN S. HONIGMAN, OF NEW YORK, TO BE GENERAL COUNSEL OF THE DEPARTMENT OF THE NAVY.

EDWARD L. WARNER, III, OF VIRGINIA, TO BE AN ASSISTANT SECRETARY OF DEFENSE.

ANITA K. JONES, OF VIRGINIA, TO BE DIRECTOR OF DEFENSE RESEARCH AND ENGINEERING.

##### DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

JOSEPH SHULDINER, OF CALIFORNIA, TO BE AN ASSISTANT SECRETARY OF HOUSING AND URBAN DEVELOPMENT.

MARILYN A. DAVIS, OF NEW YORK, TO BE AN ASSISTANT SECRETARY OF HOUSING AND URBAN DEVELOPMENT.

AIDA ALVAREZ, OF CALIFORNIA, TO BE DIRECTOR OF THE OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, FOR A TERM OF FIVE YEARS.

##### DEPARTMENT OF JUSTICE

PHILIP BENJAMIN HEYMANN, OF MASSACHUSETTS, TO BE DEPUTY ATTORNEY GENERAL.

##### DEPARTMENT OF COMMERCE

DOUGLAS KENT HALL, OF KENTUCKY, TO BE ASSISTANT SECRETARY OF COMMERCE FOR OCEANS AND ATMOSPHERE.

##### DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

ANDREW M. CUOMO, OF NEW YORK, TO BE AN ASSISTANT SECRETARY OF HOUSING AND URBAN DEVELOPMENT.

##### DEPARTMENT OF STATE

JAMES RICHARD CHEEK, OF ARKANSAS, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO ARGENTINA.

##### DEPARTMENT OF DEFENSE

HAROLD P. SMITH, JR., OF CALIFORNIA, TO BE ASSISTANT TO THE SECRETARY OF DEFENSE FOR ATOMIC ENERGY.

DEBORAH ROCHE LEE, OF MARYLAND, TO BE AN ASSISTANT SECRETARY OF DEFENSE.

EMMETT PAIGE, JR., OF MARYLAND, TO BE AN ASSISTANT SECRETARY OF DEFENSE.

WALTER BECKER SLOCUMBE, OF THE DISTRICT OF COLUMBIA, TO BE DEPUTY UNDER SECRETARY OF DEFENSE FOR POLICY.

